



**Crown Estate
Scotland**
Oighreachd a' Chrùin Alba

Annual Report and Accounts

to 31 March 2025





Musicians play for a gathering of local people at the opening of a new 'Sky Hide' for stargazers on the Glenlivet Estate.

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Introduction

Welcome to Crown Estate Scotland's eighth annual report.



Laura Muir, Strategic Procurement Manager and Laura Collins, Corporate Affairs Manager exchange ideas at Crown Estate Scotland's Annual Conference.

Managing land and property spanning seabed, coastline, rural estates and much more, we work to make sure that all the assets in our care deliver lasting benefits to Scotland and its people.

That work significantly contributes to key sectors including renewable energy, aquaculture, farming, and ports and harbours, impacting communities and businesses across the country.

This year was notable for changes in the external landscape, which saw a new Westminster government and the establishment of GB Energy; while internally it saw the extension of our current corporate plan period and the successful conclusion of a major land acquisition at Nigg, paving the way for construction of a new subsea HVDC cable factory.

In this report we outline what we delivered in 2024-25 and look at some of the opportunities and challenges which lie ahead.

Chair's foreword

This has been a good and productive year for Crown Estate Scotland.



Our financial performance continues to be strong due to the diversified nature of the portfolio, active asset management, the contribution made by option fees and our commercial investment activities.

The performance of the portfolio in 2024-25 was generally very positive. The aquaculture portfolio has performed exceptionally well off the back of pricing reviews and the world-class produce cultivated by Scotland.

The coastal assets have also performed well due to continued investment in ports and harbours as Scotland prepares to enable the energy transition.

The rural estate is going through a cycle of recapitalisation as we address historic backlogs, modernisation and decarbonisation, and should return to improved profitability once complete.

Our urban and commercial real estate assets have produced steady revenues helping to offset the income volatility inherent in the marine revenues. We are now investing across the whole portfolio to deliver improved capital growth and revenue returns – so that we remain financially sustainable and can give more back in the years to come.

Energy and infrastructure agreements have performed marginally below forecast, primarily due to matters outwith our direct control.

Both myself and the Board have spent much of the year making sure that the unique role that Crown Estate Scotland plays in the offshore wind sector is known, understood and appreciated as we all look to ensure the renewables revolution brings prosperity and sustainability for the whole country.

There were changes to the Crown Estate Scotland Board over the course of this year, changes which have, I believe, only strengthened our ability to communicate effectively and govern professionally.

This is my last annual report after five years on the board as my term comes to an end in 2026 and I am not seeking re-appointment. I extend my thanks to fellow board members past and present, the many hard-working and dedicated staff, colleagues in our Scottish Government sponsor department and our tenants and customers who run the businesses that bring the potential of the estate to life. It has been a pleasure to work with each of you.

I believe that, particularly with its new members, the Board set a clear and supportive direction for the organisation through the year, something I hope will continue as Crown Estate Scotland grows and does more through the next corporate plan, continuing to deliver for the people of Scotland and realising the potential of the Scottish Crown Estate.

Euan McVicar

Chair of the Board
Crown Estate Scotland

1 Overview



1. Overview

Our purpose is to invest in property, natural resources and people to create lasting value for the people of Scotland and I am incredibly proud of what Crown Estate Scotland has achieved on all these fronts in the last 12 months.

1.1 Statement of the Chief Executive



There is a point in the development of any new commercial organisation when the process of creation and formation stops and the work of growth and continuous improvement takes over.

Changes in market sentiment and investor confidence slowed our growth in renewables, extreme climatic events negatively impacted revenues, constrained public sector finances curtailed our investment activities and inflation placed our tenants under heightened commercial pressure. And yet, in spite of these extremely challenging operating conditions, Crown Estate Scotland delivered its most successful year to date.

The Scottish Crown Estate Act 2019 combined with our unique role as a commercial operator, bridging between the public and private sectors, provided us the opportunity to be both creative and agile in responding to these complex and systemic challenges. And where others experienced challenge and adversity we were able to identify opportunity: to do more and to deliver more for the people of Scotland.

In the last year we brought to life our updated investment strategy, strengthening our business model, and in doing so we have started the process of building stronger and more predictable rental streams, which ultimately flow to the Scottish Government to support wider public spending. This in turn also allowed us to provide more support to the businesses and communities that derive benefit from the Estate, of which there are many. Research commissioned in 2024 showed for the first time that the Scottish Crown Estate contributes £2.1bn per annum GVA to the Scottish economy and supports 17,000 jobs, testimony to the work of those that have come before us. And our job now is to build on this solid foundation for the benefit of future generations.

This annual report illustrates how we have delivered on our purpose over the past year.

Our net profit exceeded target reaching £130m representing a 15 per cent increase on 2023-24. Our efforts to invest in the future also took a step change during this period, with three acquisitions, all of which play a role in either supporting the energy transition or helping communities to thrive. As a result, the capital invested in 2024-25 exceeded that of the previous six years combined. In turn, the total value of the portfolio rose to £767.1m, an increase of 15 per cent year on year.

14



**Focus: Blue
Economy**

16



**Focus: Buildings
and Places**

18



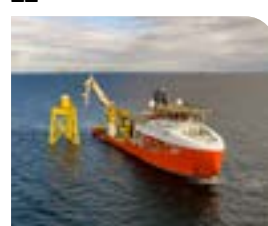
**Focus: Sustainable
Resource Use**

20



**Focus: Involving
People**

22



**Focus: Skills and
Knowledge**

In November 2024 the Board approved 'Advance' an internal programme of business improvement. This will see Crown Estate Scotland build improved capacity, capability, governance and resilience over the next two years. And we are already starting to see the benefits of this initiative across a range of areas including, governance, programme reporting, investment activity and strategic planning.

In terms of health and safety we have strengthened the safety function within the business over the last year, adding a new dedicated safety role to the team, combined with improved training and support for staff. As a result, awareness, understanding and reporting has increased across the business.

Sustainability and sustainable development are central to how we work, and in the past year we have intensified our efforts to integrate sustainability into our business practices and decision-making. Research completed in the last 12 months examining climate risks will now underpin the development of biodiversity and decarbonisation plans as well as our wider thinking on adaptation and mitigation.

Digital enablement has moved up the agenda, an area of the business that represents untapped opportunity. Our collaboration on the Marine Data Exchange highlighted how data and digital enablement are critical to managing risk, supporting decision-making and realising value.

I want to pay tribute to all our customers, without whom we could not deliver on our core purpose. We have, over the last 24 months, started the process of becoming a more customer-centric business, recognising the fact that our relationship is symbiotic – and that the success of our tenants supports our success as a landlord, which in turn generates lasting value for Scotland. It is for this reason we see our role as an enabling landlord strengthening in the years ahead.

I would also like to thank the Board and staff for their efforts and steadfast commitment over the last 12 months, because what we do is challenging and rarely straightforward. For this reason, we have continued to invest in the Crown Estate Scotland team, with an emphasis on culture, leadership skills, project management, governance, Equality, Diversity, and Inclusion (EDI) and business case development – to help everyone reach their full potential and optimise their impact. We will continue with the commitment to invest in the Board and staff into 2025-26.

We will also continue to challenge ourselves, to do more and go further, and to ensure that every day we play our part in creating a better and brighter future for all.

Ronan O'Hara

Chief Executive,
Crown Estate Scotland

03 December 2025

1.2 Who we are and what we do

Crown Estate Scotland (CES) manages assets – seabed, coastline, rural estates and much more – that stretch the length and breadth of Scotland. This section gives an overview about how we do that and what we aim to deliver.

Our Purpose

Our core purpose is investing in property, natural resources and people to generate lasting value for Scotland.

This purpose is rooted in the Scottish Crown Estate Act 2019 ('the Act'). This requires CES to, first and foremost, maintain and seek to enhance both revenue – which is returned to Scottish Government – and capital value of the assets.

The Act tasks CES with doing this in the way that is best calculated to further sustainable development and is likely to contribute to the promotion or the improvement in Scotland of social, economic, and environmental value (specifically economic development, regeneration, social wellbeing and environmental wellbeing).

This set of responsibilities requires CES to balance short-term revenue generation with long-term capital growth: without a financially sustainable Estate, the revenues and the wider value that flow from it cannot be maintained.

Under the current corporate plan, our strategic objectives are to:

- support the expansion of Scotland's Blue Economy, focusing on marine and coastal development;
- invest in buildings and help create great places;
- promote new sustainable ways of using natural resources to produce energy, food and other products;
- involve people in how land, coastline and seabed are managed; and
- use our skills and knowledge to deliver financial success and help business and communities to thrive.

The Scottish Crown Estate

The Estate is a unique mix of land, property and rights, with a total property value at March 2025 of £767.1 million.

It includes ancient rights held by the Crown (e.g. wild salmon fishing) as well as acquired property (e.g. Glenlivet and the 'ZeroFour' development land near Montrose).

Ownership of the Estate lies with the Monarch and management responsibility sits with Scottish Ministers, who in turn delegate to CES, which is a public corporation.

Our revenue profits are paid to the Scottish Government. Some of these funds are redistributed by the Scottish Government to coastal local authorities to fund projects benefitting communities. From our first six years of operating, £62.9 million was distributed to local authorities with Argyll and Bute, Highland, Eilean Siar and Shetland Islands receiving multi-million-pound awards.

Scottish Ministers' vision for the Estate is that it is managed sustainably, responsibly and fairly, and in a transparent and inclusive manner, to deliver financial benefits and wider long-term social, economic and environmental benefits for Scotland and its communities. Our corporate plan aligns with this vision.

Our Approach

Our success goes hand in hand with that of our tenants. We support tenants in helping them realise their ambitions, be that a farmer who wants to diversify, a renewable energy developer who needs seabed to test technology, or a port seeking to expand capacity.

Through this work, we help deliver wider social, environmental, and economic value.

We also identify and promote emerging opportunities that will deliver revenue and capital growth.

At 31 March 2025, we had 103 staff working across different parts of Scotland and we contract teams of managing agents to provide specialist knowledge and support in rural and coastal areas.

Our current corporate plan sets out how we align with the National Performance Framework and contribute to tackling the nature and climate crises:

- ensure a place-based, plan-led approach to leasing in line with statutory plans to align with local priorities and impact assessments;

- create new opportunities for people and organisations in the public, private and third sectors;
- be open and transparent while respecting commercial confidentiality;
- encourage diversity in the use of land and property;
- encourage innovation;
- manage risk, particularly in relation to health and safety;
- ensure that the integrity of assets is protected; and
- deliver on our statutory duty to maintain and seek to enhance the value of and income from the Scottish Crown Estate.

A description of each of our strategic objectives, and how our work in 2024-25 contributed to delivering each of them, can be found in the pages which follow.



Our Roles



Investor:

investing in, for example, property development to enhance value, as well as building external partnerships and supporting staff.



Enabler:

empowering others by supporting local plans and projects, providing access to property and helping address barriers to sector growth.



Coordinator:

supporting other Scottish Crown Estate managers by, for example, coordinating spatial information.



Asset Manager:

managing leases and agreements with tenants, as well as direct management of forestry.

What We Manage



3,954

commercial agreements



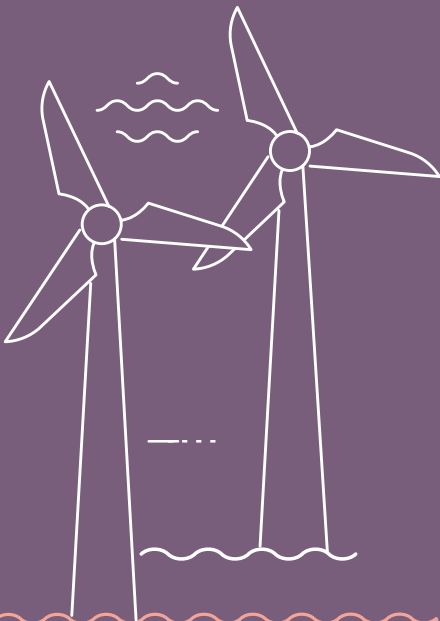
35,000

hectares of land
across 4 estates

103



staff across Scotland



40GW+

of potential capacity in off-
shore renewable energy
in agreements



£400m

generated for
public spending 2017-25



£1.8m

awarded through Sustainable
Communities Fund grants



2,122

tenants across Scotland

120



moorings associations

4,846



hectares of forestry

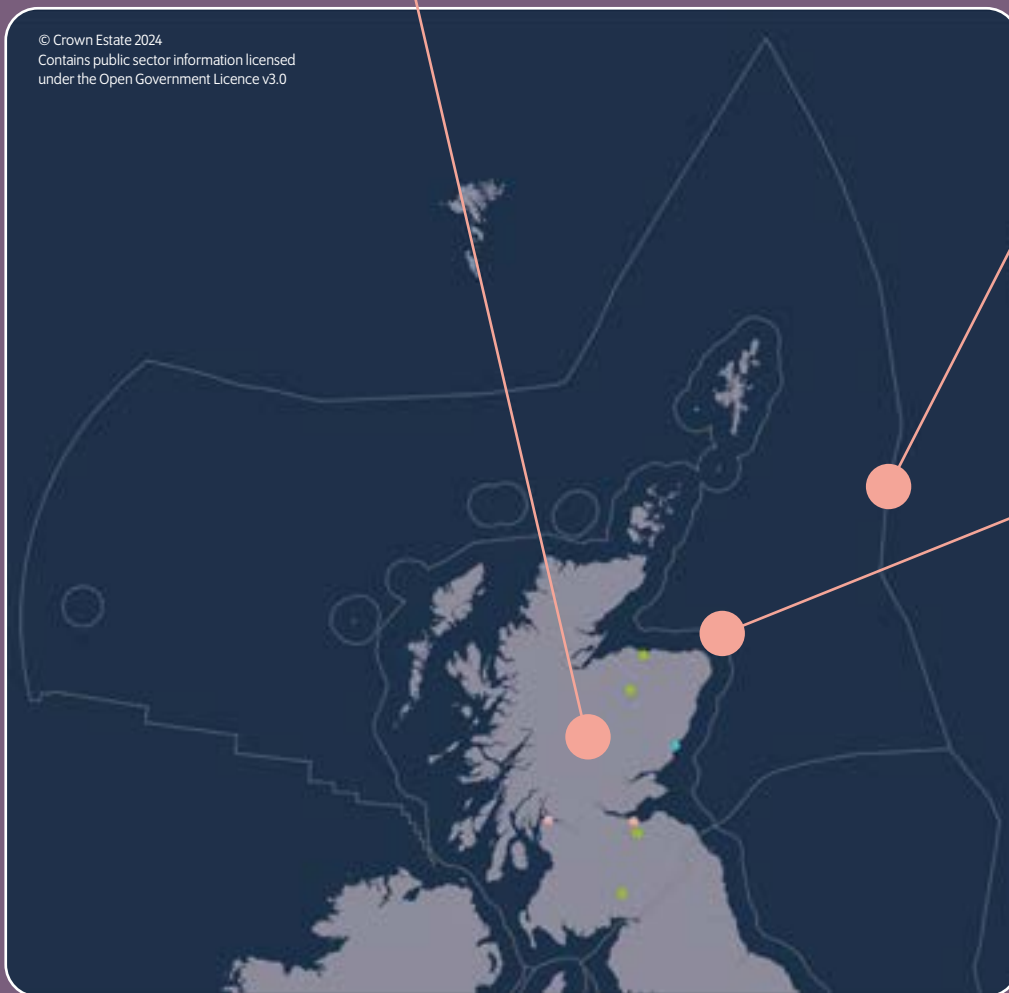
Asset Map

On land, the Scottish Crown Estate is comprised of:

- four rural estates totalling 35,000 hectares.
- around half (c. 9,000km) of the foreshore.
- rights to fish wild salmon and sea trout in river and coastal areas.
- rights to naturally occurring gold and silver across most of Scotland.
- some commercial properties.
- the 'ZeroFour' development land near Montrose.

Across the Exclusive Economic Zone - from 12 nautical miles out to 200 nautical miles - Crown Estate Scotland manages rights related to renewable energy, the storage of gas and the use of the seabed and its subsoil (other than for hydrocarbons).

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Almost all of Scotland's territorial seabed – from the high watermark out to 12 nautical miles – is managed by Crown Estate Scotland, which grants leases to use it for aquaculture, offshore energy, cabling and pipelines.

To explore the leases we have granted in more detail, visit our interactive map at <https://www.crownestatescotland.com/resources/map> or by scanning the QR code.



Focus: Blue Economy



Turbine components at Port of Nigg are prepared for transit to the site of an offshore wind farm.

1

Strategic Objective

Support the sustainable expansion of Scotland's Blue Economy, focusing on marine and coastal development

The development of the Sumitomo cable factory at Nigg in Easter Ross is progressing at pace.

The concrete foundations were laid more quickly than expected in the early part of 2025 while the 45-metre cable-coating tower started to rise serenely from the mud on the eastern part of the site over the course of 2025.

There were several key actors involved in getting this project completed, including Crown Estate Scotland.

The Global Energy Group (GEG - which owned the former oil rig fabrication site at Nigg) was keen to move deeper into this area and the Japanese firm Sumitomo Electric UK Power Cables Ltd (SEUK), (a subsidiary of Japanese company Sumitomo Electric Industries Ltd) wanted to build a cable factory to supply the offshore wind sector.

Crown Estate Scotland supported the Sumitomo project to develop the land assembly deal and also invested £5 million in the land.

The Scottish Government, Highlands and Islands Enterprise and Scottish Enterprise also approved up to £24.5m in public sector support.

This cross-public sector collaborative approach – showing the strength of the Team Scotland model – helped secure a long-term investment of £350 million from Sumitomo for the HVDC cable factory at Nigg.

Thanks to the efforts of those involved, the land agreement was signed in 2024.

It represents a symbol of the unique role Crown Estate Scotland can play, alongside others, to deliver key infrastructure projects for Scotland. It also represents a beacon of what can be achieved in the future and an example of the progress that can be made when everybody works together for a common goal.

Tom Findlay, Energy Ports Development Manager at Crown Estate Scotland, said: “Nigg exemplifies the role of public sector bodies like Crown Estate Scotland in helping to anchor the offshore wind supply chain infrastructure in Scotland.

“The land assembly deal was one of the most complex we have ever concluded. Our collective success is testament to the dedication and can-do approach of all those involved.”

We also delivered

- 1 funding for three posts supporting sustainable development of the finfish, shellfish, and seaweed sectors.
- 2 support for offshore wind enabling activities including Scottish Offshore Wind Energy Council (SOWEC) and Strategic Investment Model (SIM).
- 3 successful management of:
 - offshore wind development activity.
 - emerging technology and infrastructure development activity.
 - existing assets across the Energy & Infrastructure portfolio.

A photograph of an indoor climbing gym. In the foreground, a man in a blue t-shirt and dark trousers stands with his back to the camera, looking towards a climbing wall. To his left, a woman in a black tank top and leggings is climbing the wall, which is covered in various colored handholds. The floor is red, and a white bag is on the ground. The background shows more climbing walls and gym equipment.

Focus: Buildings and Places

Climbers make use of our tenant's facilities at Canonmills in Edinburgh, in one of the new properties purchased during this financial year.

2

Strategic Objective

Invest in buildings and help create great places

A gym and a climbing wall, a nursery and a food retail outlet – these are not typical of the assets managed by Crown Estate Scotland. Yet these properties, taken together, signalled the start of a new direction for the organisation over the course of this year.

The Board had identified that there was a need to diversify the Scottish Crown Estate portfolio to replace the revenues lost at the time of devolution. This year that was made real in bricks, mortar and businesses.

The land asset base has always been heavily weighted towards agricultural and forestry and while these will always remain core to the organisation, it was clear that a more balanced portfolio is needed to help the Scottish Crown Estate grow and thrive.

The idea was that new and different buildings would not only create a broader range of opportunities for the long term but would generate more income and spread risk, year on year.

A budget of £10 million was allocated for the 2024/25 financial year and several properties were identified as targets to pursue.

The first was the building housing a Greggs – and an array of electric-vehicle charging points – in Greenock. The second was three industrial units used by a local independent gym and a climbing wall company in Edinburgh's Canonmills. Both of these were added to the portfolio in the course of the year.

The third was the home of the Busy Bees nursery in Lenzie which, while the purchase was not completed by the end of the financial year, came under Crown Estate Scotland management soon afterwards.

Together they represent what staff believe will be the beginning of a small but strategic new direction for Crown Estate Scotland and also a significant new income stream.

All three properties are expected to deliver healthy returns from rental income.

Briony Fisher, Senior Commercial Manager at Crown Estate Scotland, said: "This is partly about balancing out capital growth with a higher-yielding portfolio but it is also about considering non-financial impact, such as supporting local businesses and their communities as an enabling landlord. These assets will increase Crown Estate Scotland's contribution to the Scottish Government's consolidated fund, which will benefit the people of Scotland."

We also delivered

- 1 'Call for Ideas' submissions completed for Midlothian, and Dumfries & Galloway.
- 2 progressed work exploring development opportunities for Montrose Zero Four, Whitehill Estate, Mosstodloch, and our commercial property at George Street, Edinburgh.
- 3 investment in a range of improvement works to tenant residences and visitor facilities, including a new 'Dark Sky' viewing area on Glenlivet Estate, 10 completed repair and improvement projects to residential properties and 30 installations of Solar Photo-voltaic systems at residential properties across the estate.

Focus: Sustainable Resource Use



**The newly rebuilt Whitefolds Farmhouse,
in the Braes of Glenlivet.**

3

Strategic Objective

Promote new sustainable ways of using natural resources to produce energy, food and other products

Nestling under the sharp edge of the Cairngorm mountains, the Braes of Glenlivet can be one of the coldest places in the country. The snows are less frequent and less severe than they used to be but exposed houses along the ridges still need to be well insulated, warm and energy efficient if the colder months are to be bearable.

The old farmhouse at Whitefolds, right in the middle of the Braes of Glenlivet, was none of these things. Built in the middle part of last century, like many Dorran-style bungalows, it was constructed using reinforced, prefabricated concrete. It had met a pressing need for cheap housing in its time but, by the 2020s, it was clear that it had outlived its usable life. Woodworm had been detected throughout, and the heating was inadequate as was the insulation. Fixing the problems would cost at least £150,000. Even then, this would only extend its usable life by five-to-ten years.

A more radical solution was needed so Crown Estate Scotland – as the landlord – decided to replace the farmhouse with a modern and sustainable home that will serve tenants for decades to come.

By early 2024, with both the tenant and a colony of bats that had lived in the old farmhouse now safely ensconced in temporary accommodation, the old farmhouse was demolished.

The Crown Estate Scotland team was determined that the new farmhouse would be an exemplar for energy-efficient Highland living and what they created certainly delivered that.

There are now solar panels on the roof and an air-source heat pump outside the property. So little heat escapes through the ceilings of the super-insulated new farmhouse that the bat boxes which have been installed in the roof space now have to be heated.

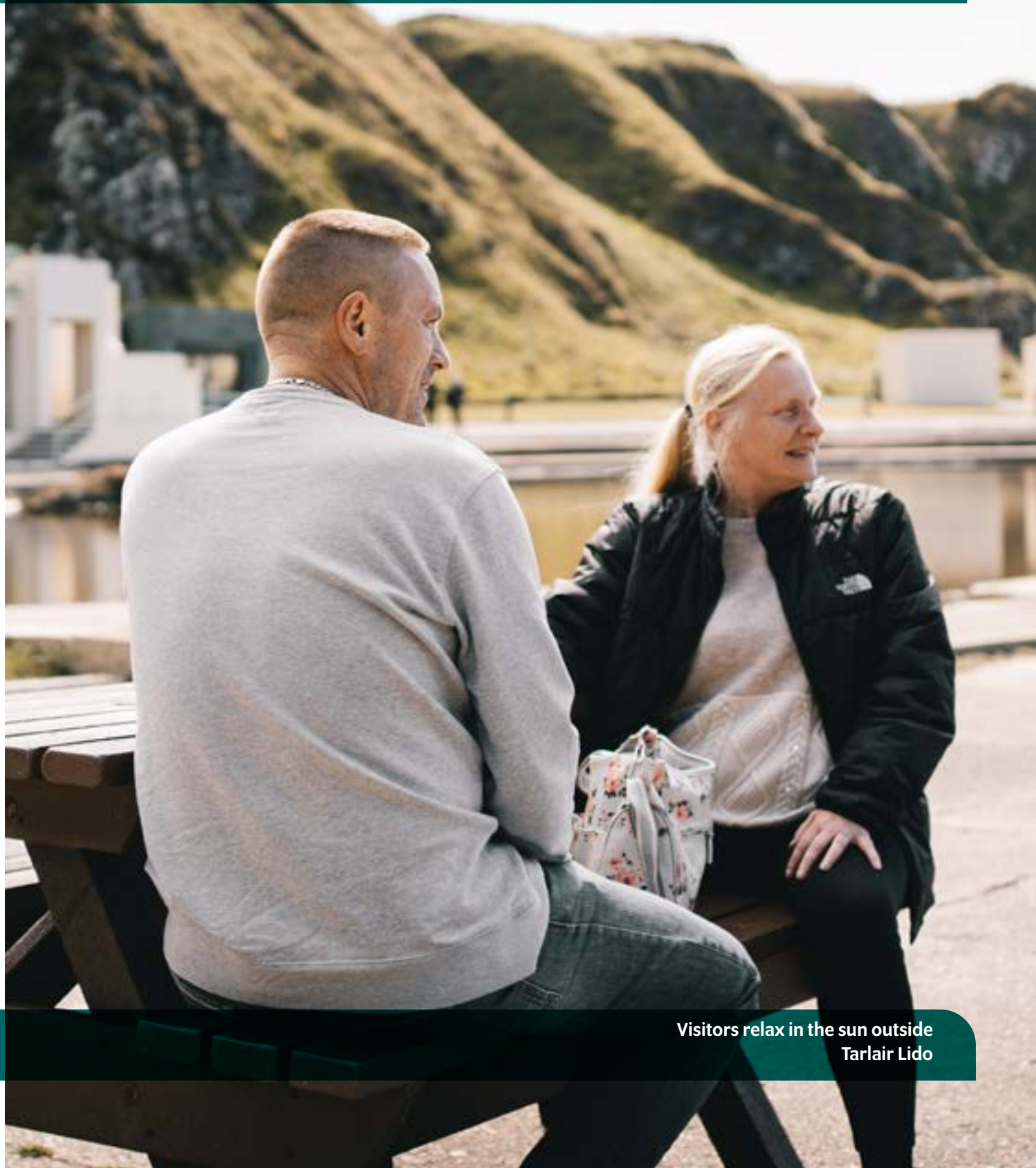
Even with a new, extensive, glass-fronted reception room, the bungalow is both warm and energy efficient – and it is designed to be so for decades to come.

The result is a triumph for the Glenlivet estate and those involved in the project, all of whom have the satisfaction of knowing that their tenant has a home that can cope with anything the Cairngorms, the Braes of Glenlivet and the Highland winter can throw at it.

We also delivered

- 1 funding for a Salmon Restoration Policy Manager post with Fisheries Management Scotland, as part of our support for the Scottish Government Wild Salmon Strategy/Implementation Plan.
- 2 progression of our Farm Sales Pilot, including exploration of opportunities for new entrants to the sector following the surrender of leases by two long-term tenants.
- 3 progression of peatland restoration work at our Feamussach site.

Focus: Involving People



Visitors relax in the sun outside
Tarlair Lido

4

Strategic Objective

Involve people in how land, coastline and seabed are managed

For much of the last century, the Tarlair outdoor tidal pool was the heart of its community in this north-east corner of Scotland – at least during the summer months.

At this rugged spot just outside Macduff, there were swimming galas and community get-togethers, model boat club events and diving competitions; and that was not counting the Glasgow Fair, when much of the population of Scotland's biggest city seemed to decamp to the Banff and Buchan coastline for the last two weeks in July.

Pipe bands used to parade past the pool, which was full of families and swimmers whenever the sun shone.

The whole site including the pavilion, with its magnificent green marble meeting room to one side, sits in a sheltered natural bowl.

Up on the steep cliffs, which ring three sides of the pool site, is the Royal Tarlair Golf Course and it is not unknown for wayward drives from the thirteenth tee to bounce down on the rocks behind the building.

But the growing attraction of cheap foreign holidays and the increasing number of local authority indoor pools in the 1970s helped force the Tarlair tidal pool into decline until it became derelict and abandoned.

Now, though, it is on the way back, and Crown Estate Scotland is playing a key role as an enabler, giving the Friends of Tarlair community group £44,000 to start the process of resurrecting all three of the tidal pools – the boating pool, the main swimming pool and the toddler pool.

The fabulous art deco pavilion has already been renovated; that was phase one of the project; and it is now generating income through its café to help the second phase of the project.

The Crown Estate Scotland grant will help kick-start a fund-raising drive which might need as much as £3 million, if the plans for changing rooms – as well as the pools – come to fruition.

But the Friends of Tarlair are both grateful, and confident of success.

Pat Wain, Chair of the group, said: "This grant is absolutely vital to get us to the next stage. It is difficult to get funding to start the process and this will get us to the planning stage. We are delighted to have got it."

We also delivered

- 1 a programme of events and activities which supported the local economy around Tomintoul and Glenlivet – including events for the Moray Walking Festival, Cairngorms Pride and the Biodiversity Weekend.
- 2 against our partnership agreements with Portgordon Community Trust, Scottish Islands Federation & British Marine (Scotland), Solway Firth Marine Natural Capital Partnership and North Ayrshire Council.
- 3 Sustainable Communities Fund grants to 18 qualifying projects across Scotland.

Focus: Skills and Knowledge



Gillian Morrison,
Supply Chain
Development
Manager and
Chair of the SIM

The jacket which will support an offshore wind turbine is installed by the crew of a support vessel.
(Credit: Neart na Gaoithe Offshore Wind Farm)

5

Strategic Objective

Use our skills and knowledge to deliver financial success and help business and communities thrive

When the Strategic Investment Model (SIM) won its second major accolade in the space of a few weeks – Industry Challenger at the Green Energy Awards – it was a vindication of the effort many people had put in to make this ground-breaking initiative work.

But right at the heart of the success was Gillian Morrison. She is Crown Estate Scotland's Supply Chain Development Manager but she is also Chair of the SIM, a position she has held since its inception.

The Strategic Investment Model was all about collaboration. It was about bringing developers together with public sector agencies together to agree on how to support the offshore wind supply chain.

The leadership role, drive to develop and willingness to collaborate shown by the developers was vital to this project's inception.

However, the key role that Crown Estate Scotland has played in its development has been crucial and should help provide an example for other collaborative initiatives in the future.

The SIM identified a pipeline of potential supply chain and infrastructure projects with an estimated capital expenditure of up to £6.5 billion, helping provide a pathway for the development of projects. All the stakeholders have been pleased to see that a number of projects identified through the SIM have secured investments to drive forward delivery of their aims.

Crown Estate Scotland was one of several actors driving the early pace, taking on a significant financial risk to bring the early funding together to secure project management funding for the collaboration.

Gillian Morrison said: "SIM led the way in the UK for collaboration in the offshore wind sector. The idea is that developers, those in the supply chain and other stakeholders can get together to discuss challenges and opportunities.

She added: "The result is that we now have progress and action to help deliver the renewables revolution that Scotland needs."

We also delivered

- 1 annual Climate Change reporting – and delivery against our Green Travel action plan.
- 2 a refresh of our communications tools to support transparency and the delivery of our next corporate plan.
- 3 a range of actions which support CES's efforts to be an employer of choice, including work on our employer branding, progression of leadership and management training, and culture development sessions with employees.

1.3 Forward look for 2025-26 and beyond

2025-26 will see us consult on and prepare to implement our new 2026-31 Corporate Plan – and begin to reshape our business for greater impact and resilience, based on the outputs of the Advance programme.

Early in 2024-25, recognising the importance of our next corporate plan to the long-term success of the organisation, we took the decision to pause before progressing to the consultation stage. This additional time has allowed us to refine our plan and engage with key stakeholders in the political and public spheres, ensuring both that it is the right strategy and that our key audiences are receptive to its contents.

To support the delivery of our 2026-31 Corporate Plan, 2025-26 will see our business begin to seize the opportunities identified by the Advance programme. We will develop our organisational design, ensuring that we have the right mix of skills and capability to support our growing ambitions and deliver ever greater benefits for Scotland.

We will continue our work to make CES an appealing place for the talented, purpose-driven individuals we need to attract – and to provide them with the support they need to flourish once in post.

This year's increase in the value of our offshore wind portfolio highlights the size of the opportunity this sector offers to Scotland. In 2025-26 we will continue seeking ways to unlock the benefits of the offshore wind supply chain for Scotland through investment in its ports and harbours and engagement with industry partners.

2024-25 has seen us make great strides to diversify our property portfolio, broadening the base from which our income is generated. We will sustain these efforts in the coming year to help us insulate the Scottish Crown Estate against future financial risks.

Importantly, we will maintain our flexibility in the face of a fast-moving domestic and international picture, continuously reassessing how best to play our part in supporting sustainable futures for Scotland's communities in the long term.

We remain steadfast in our belief that CES is uniquely positioned to deliver value for the people of Scotland by helping build an economy and society that is resilient, fair, and sustainable.

1.3.1 Opportunities, uncertainties and risks

Below we note uncertainties and opportunities for each area of the business and then highlight specific risks. Risk management is covered in Section 2.

Our 2025-26 Business Plan and draft 2026-31 Corporate Plan include a range of mitigations as well as actions to unlock opportunities.

The final 2026-31 Corporate Plan will be informed by a long-term scenario planning exercise undertaken in 2023-24 and designed to help CES identify and respond appropriately to uncertainties, risks, and opportunities.

An increasing proportion of CES gross revenue (e.g. from offshore renewables, finfish, and some coastal assets) is production-based and subject to volatility based on external factors. This uncertainty is managed through frequent and regular engagement with customers as well as in-year reforecasting and longer-term sensitivity-based modelling.

Marine – Energy & Infrastructure (E&I)

- Offshore wind is the premier industrial and economic opportunity for Scotland. CES is working within a landscape of Scottish and UK-wide public sector partners to support this growth and deliver offshore wind. The Scottish Government's Green Industrial Strategy will continue to enhance clarity and direction for Scotland's growth.
- Progress is being made on securing supply chain benefits for Scotland, facilitated by our Supply Chain Development Statements and the Strategic Investment Model. Strategic government funding of up to £500m is being made available. However, much remains to be done in, for example, housing for the workforce.
- Competing demands/uses for marine space (including energy, fishing, shipping and defence) means co-operation and collaboration is critical in achieving co-location.

Risks

- Grid constraints, transmission costs, inflationary pressures and uncertainty concerning environmental impact mitigations may lead to attrition in the offshore wind pipeline, impacting CES revenues and wider supply chain development. Mitigations include contributing to sector initiatives (e.g. Offshore Wind Industrial Growth Plan), enabling actions to remove barriers to development, sensitivity-based revenue modelling, and work with stakeholders on optimising use of the seabed.

Marine – Aquaculture

- Improvements in the streamlining of regulation processes are currently being piloted following the Scottish Government's Aquaculture Regulatory Process Review, published 10 February 2022.
- The finfish sector continues to advance innovative techniques such as closed containment or waste capture technologies and equipment for finfish sites further offshore.
- The shellfish and seaweed farming sectors offer significant potential for growth.
- There is a need to understand how pressures such as climate change and disease are impacting the industry, especially salmon farming.

Risks

- The marine environment is increasingly busy, requiring careful management of competing interests and identification of opportunities to optimise seabed use. In addition, some local communities and interest groups remain concerned about the growth of the finfish sector. We continue to work with partners to optimise spatial management as well as support research and collaboration to further innovation and enhance engagement between industry and community interests.

Coastal

- Confidence in the ports and harbours sector is high, with significant investment underway in manufacture, assembly, operation and maintenance facilities for offshore renewables, alongside general port activity. The need for temporary storage as part of the manufacturing process of floating offshore wind turbines is also coming into focus.
- Proactive development of ports and harbours infrastructure – such as the manufacturing opportunity we have worked to realise at Nigg – will help attract investment.
- Boat-based tourism remains resilient. Interest has been noted from boat owners in moving their boats further north, away from traditional cruising waters.
- Development, repair and maintenance of marine assets remains a challenge for our customers, compounded by pressure on public expenditure, volatility in supply chain availability, and pricing.

Risks

- Coastal change compounded by climate change poses short, medium and longer-term environmental and economic risks to assets. Work commissioned by CES in 2023-24 started to explore adaptation across terrestrial and coastal assets and 2026-31 will see us develop this further.

Buildings and Places

- Our investment strategy for 2026-31 will be designed to deliver the right investments in built development to unlock value linked to the blue and green economies and help counteract income volatility across the wider Estate.
- CES's long and short-term planning and development strategies feature early community engagement and a plan-led approach. This approach aims to realise opportunities to deliver financial and non-financial value across a range of land uses.
- There are uncertainties linked to global supply chains being impacted by geopolitical upheaval, in turn generating procurement and tender price volatility, and a shortage of construction workers particularly in rural and remote areas.

Risks

- Elevated costs of capital (relative to returns) for development partners in turn impacts viability and affordability for commercial or residential end users. Mitigations include ongoing market analysis and project-specific risk management. In addition, to help develop and implement our new investment strategy, we are advancing work on Total Cost of Management, portfolio monitoring, a new Target Operating Model and reviewing strategic land opportunities. We will also seek to retain and reinvest a higher proportion of the rents earned – which will in turn generate more funds for the Scottish Consolidated Fund.

Rural Land

- The rural sector continues to respond to legislative changes (e.g. new legislation covering agriculture, land reform, housing, and natural environment), new compliance requirements, climate and biodiversity targets, and market and financial drivers. CES will continue to engage and work with tenants and partners to meet these challenges and support new opportunities.
- Tackling the obstacles to providing affordable rural homes is key. These include the availability of land, construction capacity, and responding to high levels of second homes and empty properties.
- Tourism is a key part of a diversified rural economy. Our Glenlivet 2050 project is just one example of how we can respond to place-based opportunities to work with local businesses, local development trusts, public agencies and tenants to address sustainable transport, local employment and visitor management.
- CES continues to look for opportunities to work with tenants and other partners to support the implementation of the Scottish Government's Wild Salmon Strategy, and is exploring how carbon offsetting and other natural capital opportunities may create new revenue streams for CES and tenants.

Risks

- Key risks include the scale of investment required in modernising farms, infrastructure and residential properties to meet new standards, increasing extreme weather events, and the level of engagement and investment required to support a just transition across the rural sector. Actions CES is taking include long-term planning to enhance the ways in which we prioritise capital expenditure, work to identify potential climate risks and associated adaptation measures, and a range of measures related to just transition in agriculture.

2 Performance Analysis



2. Performance Analysis

Our corporate plan details a range of KPIs and targets covering our five strategic objectives.

These targets are reflected in each annual business plan, which in turn cascades down into performance objectives. Our comprehensive assurance framework identifies and documents assurance on key business functions and activities.

Progress on plan delivery is tracked throughout the financial year through:

- quarterly reporting to the Board;
- monthly leadership and team meetings; and
- our recently refreshed performance management process.

Following the extension of the current corporate plan to March 2026, we are currently in the process of developing KPIs and targets for the new corporate plan period of 2026-31.

The table below lists all KPIs and targets based on the current corporate plan.

It shows a marginal increase in gigawatt (GW) of offshore renewable energy capacity in seabed agreements, which reflects the striking of a new, 0.05MW tidal agreement, at Dunlossit, situated in the Sound of Islay.

The increase in finfish production capacity shown on the table can be attributed to one new lease which has become operational within the year.

Our new commercial acquisitions programme got off to a slower start than we had initially hoped, resulting in capital committed being behind plan; however we have made strong progress in setting up the processes and supply chain to enable success in future years.

Good progress continues to be made on the number of projects relating to sustainable natural resource use and involving people in how land, coast and seabed are managed. The underlying themes of environmental sustainability and community wealth-building are key to delivering on our statutory duties and will feature in our new corporate plan.

Excluding ScotWind and INTOG revenues, CES net profit has exceeded the revised corporate plan target that was set in the 2020-25 corporate plan, and the budget. This was mainly due to increased marine production revenue and interest income, and lower overhead costs than budgeted.

Overall the Estate valuation increased by £101.5 million (15%) to £767.1 million. Within this there was sector-specific volatility and this is further narrated later in this section.

No staff survey was conducted during the period, as our existing survey provider ceased trading. Steps have been taken to secure a new provider and the next survey will take place in 2025-26.

Net favourability among local authority CEOs was up to 46% in the year (against 35% in the previous year) which the survey report attributes to effective engagement. Amongst Heads of Economic Development, the same metric was down to 31% (against 43% in the previous year); our research suggests that a combination of less focus on engagement with these stakeholders and a broadening of their responsibilities has contributed to this change.

Table 1: KPIs and Targets

KPI	March 2025 target	How performance is tracked	Progress at 31/03/25	Progress at 31/03/24
GW of offshore renewables in seabed agreements	No specific target.	Ongoing tracking as agreements entered into; Annual Report.	44.6 GW	44.59 GW
Production capacity in new finfish agreements	No specific target.	Annual Report.	19,669 tonnes	17,193 tonnes
Total capital committed	£70m	Quarterly reporting to the Board.	£43.7m	£15.9m
No. of projects promoting sustainable natural resource use	No specific target.	Approved Investor or enabler projects promoting sustainable natural resource use.	32	30
No. of projects encouraging people to be more involved in how land, coast and seabed are managed	No specific target.	Approved / ongoing enabler projects	20	19
Net revenue	Total of £24m of non-Scotwind net revenue returned to Scottish Government over the 2020- 25 period.	Quarterly reporting to the Board.	£130.8m (of which £20.9m was non-ScotWind and INTOG revenue). This means a total of £374.9m in 2020-25 (of which £86.3m was non-ScotWind revenue).	£113.2m (of which £16.0m was non-ScotWind revenue). This means a total of £244.1m in 2020-24 (of which £65.4m was non-ScotWind revenue).
Capital valuation	Valuation increased on March 2020.	Annual independent valuation.	£767.1m	£665.6m
Staff feedback / satisfaction	15% increase on 2019 baseline for staff satisfaction with employer (55%). Employer engagement score matches or is greater than core Scottish Government score.	Annual staff survey.	No staff satisfaction survey was conducted in 2024-25, after our existing survey provider ceased trading. The survey will take place in 2025, following procurement of a new supplier.	2023 staff survey shows: satisfaction with Crown Estate Scotland as an employer at 73% (2021-22: 80%); employee engagement at 74% (Civil Service engagement index for 2023 is 64%).
Tenant and stakeholder satisfaction	Increase or no change in tenant satisfaction. Increase or no change in stakeholder satisfaction.	Independent surveys covering tenants, MSPs and senior local authority officials.	<p>2024 research shows:</p> <ul style="list-style-type: none"> • net favourability among MSPs 45%. • local authority CEOs' favourability 46%. • local authority Heads of Economic Development favourability 31%. <p>No tenant surveys have been undertaken since last year's report.</p>	<p>2023 research shows:</p> <ul style="list-style-type: none"> • net favourability among MSPs 44%. • local authority CEOs' favourability 35%. • local authority Heads of Economic Development favourability 43%. <p>2023 Aquaculture survey shows tenants rating CES overall performance between 88% and 100%.</p>

2.1 Managing uncertainties and risk

This section covers uncertainties and risks related specifically to CES. Sector-specific uncertainties and risks are outlined in Section 1.

CES maintains a Risk Management Framework, overseen by the Audit and Risk Committee. The medium-term impacts of strategic risks are monitored by this Committee. In addition, the Investment Committee tracks sector trends through regular market updates.

CES's approach to risk management aligns with the Scottish Public Finance Manual (SPFM).

It is designed to:

- facilitate identification of risk priorities (in particular, to identify the most significant risk issues);
- capture the reasons for decisions made about what is and is not tolerable exposure;
- facilitate recording of the way in which it is decided to address risk;
- allow all those concerned with risk management to see the overall risk profile and how their areas of responsibility fit into it; and
- facilitate review and monitoring of risks.

In 2024-25 an updated Framework was implemented ahead of the new corporate plan period of 2026-31. This updated Framework was introduced to ensure that it continued to reflect the external environment in which CES operates.

We continue to develop our systems and processes to identify opportunities and risks around our activities. This work encompasses efforts to identify the exposure of our property assets to development risk versus stabilised income risk and inform future investment and divestment direction.

The Act enables Scottish Ministers to transfer or delegate management of specific Scottish Crown Estate assets to other eligible bodies. There is the potential for any transfer or delegation to impact the delivery of corporate plan objectives or specific targets e.g. net revenue.

To date, no transfer or delegation has been approved by Ministers. We continue to track this through our established monitoring and reporting mechanisms.

Further risks are summarised below.

Table 2: Extract from risk register (as at March 2025)

Description	Category of risk	Impact	Mitigation
Accident on the Scottish Crown Estate leads to fatality or serious injury. Loss of life.	People	Permanent disablement. Financial (e.g. liabilities claim).	New Health & Safety (H&S) policy framework, processes, training and reporting in place. Development of strong H&S culture including monitoring of mandatory training. Improved incident reporting. Robust audit procedures and Director assurance process. Monitor changes in legislation and case law and action as appropriate. Internal audit recommendations implemented in new managing agents' contracts. Health and Safety responsibilities defined in new lease agreements and confirmed for tenants with historic agreements.
If there are poor investment decisions and/or insufficient funding permitted by Scottish Government, then Crown Estate Scotland might fail to deliver on the obligations established under the Act.	Finance	Liabilities increase. Loss of value and income. Failure to deliver statutory duties.	Work with Scottish Government to secure approval from Scottish Ministers on long term, sustainable statutory revenue to capital transfers.
Loss of systems, information and business continuity results in organisational failure.	Reputation	Reputational damage and loss of key business information; recovery costs.	Up-to-date policies and emergency response procedures in place. Additional cyber security measures implemented annually.
Appropriate capacity and capability are not maintained within the organisation.	Reputation	CES fails in delivering the corporate plan or its primary obligation to discharge the management duties established under the Act 2019.	People Strategy, aligning with Fair Work principles, being implemented. Recruit additional posts in line with workforce plan. Implement new recruitment policies to secure talented and diverse range of applicants. Continue close employee engagement through staff surveys, internal communications programme and further actions to foster staff morale.

Description	Category of risk	Impact	Mitigation
Failure to appropriately manage offshore wind leasing.	Reputation	Damage to reputation and to delivery of wider value.	Continue to work closely with Scottish Government on delivery and understand challenges for sector in Scotland, working in our coordinator role to support collaborative efforts (consenting and grid). Utilise project management approaches to plan work and manage delivery risks. Continue formal discussions with Department for Energy Security and Net Zero (DESNZ) and Scottish Government regarding collaboration with GB Energy.
CES is not permitted to take up the opportunity to work in partnership with GB Energy.	Finance	The role of CES in the energy transition is diminished.	Conduct sustained, senior-level engagement with Scottish Ministers, Scottish Officials and the Department for Energy Security and Net Zero.
Failure to adapt to and mitigate climate change risks to the assets under management.	Environment	Loss of revenue, reduced capital valuation, degradation of base capital, increased liabilities, and loss of reputation.	Research and develop a strategic response to these risks. Invest in adaptation and mitigation measures.

Market conditions

The fair value of our investment properties has increased by 15% in this financial year, which can largely be attributed to growth in the value of our Offshore Wind and Aquaculture portfolios.

Our Commercial Property portfolio has risen in value to £12.8 million an increase of 55.6%, which reflects the two major acquisitions we made within the year. The commercial sector as a whole has faced challenges due to higher costs and lower values, but with inflation tracking downward, interest rates are expected to follow suit. This should support a stable commercial property market with improved development and investment prospects.

The Scottish offshore wind portfolio has risen to £422.2 million, an increase of 19%, driven by projects passing relevant stage gates, beneficial changes to project timelines and increases in planned generating capacity.

The aquaculture portfolio continues to experience steady growth, increasing in value by 18.5% to £83.3 million. This upward trend is driven by adjustments to lease terms and renewal options, alongside the biannual review of tonnage production and pricing.

The Coastal portfolio increased in value to £51.0 million, an increase of 19.7%. The main driver of this change is the addition of the site at Nigg.

Our rural estates have grown in value by 2% this year to £107.7 million. This movement is attributable to a combination of secure tenancy surrenders at Applegirth, alongside the introduction of Modern Limited Duration Tenancies and enhancements to properties across the portfolio.

Montrose ZeroFour remains valued at £0, reflecting the estate's additional asset management requirements. This valuation pertains to the underlying property asset rather than its development potential. Although health and safety enhancements have been implemented on-site, they have not had an impact on its valuation.

The Minerals & Mines Royal portfolio has experienced a significant increase in value of 115%, to £3.3 million, primarily driven by the refinancing of the existing tenant, Scotgold, following Acrux's acquisition of a substantial share and subsequent capital injection. This investment has enabled the recommencement of operations under an improvement plan at the Cononish Mine.

The Forestry portfolio experienced a decrease in value of 1% to a total valuation of £46.5 million. Given that the valuation is based on a sample, Crown Estate Scotland anticipates some year-on-year variation.

2.2 Overview of financial performance

Table 3: 2024-25 and 2023-24 revenue and valuation

	2024-25 £m	2023-24 £m
Total gross revenue (including interest income)	162.6	135.6
Total net revenue	130.8	113.2
Total property valuation	767.1	665.6

In 2024-25 we generated £130.8 million for the public purse and are proud to make this contribution to Scotland's public spending.

Some of these funds will be redistributed by Scottish Government to coastal local authorities who have to date been allocated a total of £62.9 million to fund projects benefitting coastal communities.

Over the seven years to March 2025, we generated over £400 million for Scottish public spending.

Table 4: 2024-25 and 2023-24 gross revenue (excluding interest income)

	Gross revenue 2024-25 £m	Gross revenue 2023-24 £m	Notes on variances in 2024-25
Rural (agriculture, forestry, river fishing rights, residential, minerals and naturally occurring gold and silver)	3.9	3.9	
Coastal	6.3	4.7	Increase due to increase in turnover based rents, including dredging.
Marine (Energy & Infrastructure)	105.5	91.6	Increase in revenue due to new Innovation & Targeted Oil & Gas (INTOG) option fees and increases offshore wind production.
Marine (Aquaculture)	12.5	11.4	Increase in revenue due positive variances in price and tonnage.
Urban	1.3	1.3	Acquisitions towards the end of the year led to a small increase in gross revenue, but with the full impact to come in 2025-26.
Total	129.5	112.9	

Net revenue profit

Table 5 provides a breakdown of revenue and expenditure with the previous year's figures inserted for comparison.

Table 5: 2024-25 and 2023-24 summary of revenue account

	2024-25 £m	2023-24 £m	Notes on variances in 2024-25
Gross revenue	129.5	112.9	See previous table.
Direct costs	(11.9)	(9.9)	Increase mainly due to increased repair expenditure on the rural estate.
Interest income	33.1	22.7	Increase driven by increased interest rates.
Indirect costs	(9.6)	(7.3)	Increase in staff and non staff costs to reflect the growth in activities of the business.
Operating profit	141.1	118.4	
Transfers to capital account	(10.1)	(4.9)	Includes statutory transfer as per accounts direction in Appendix 2 and 3
Depreciation	(0.2)	(0.3)	
Net revenue profit	130.8	113.2	

Asset valuation

The revenue and capital value associated with the Estate is determined in the main by the activities each asset supports. Valuation takes into account income streams and the degrees of certainty that this income will be forthcoming, assessed in relation to the type and duration of leases. Also reflected are wider market and macro-economic trends as well as risk associated with specific tenant activities. Seabed value is recognised only once an agreement is in place.

Table 6: 31 March 2025 and 31 March 2024 asset valuation

	31 March 2025 valuation £m	31 March 2024 valuation £m	Notes on variances since 31 March 2024
Rural (agriculture, forestry, river fishing rights, residential, minerals and naturally occurring gold and silver)	157.5	153.7	
Coastal	51.0	42.6	Increase mainly due to acquisition in the year.
Marine (Energy & Infrastructure)	462.5	390.7	Offshore wind continues to be the most valuable part of the Scottish Crown Estate. The continued year-on-year increase in value of offshore wind has been driven by individual projects making significant progress, including ScotWind and INTOG.
Marine (Aquaculture)	83.3	70.3	Continued strength in the UK aquaculture sector
Urban	12.8	8.3	Increase due to 2 acquisitions in the year
Total	767.1	665.6	

Capital

As at March 2025, we have built up £50.6 million of capital funds for investment.

Our current investment strategy sets out priority areas for ensuring capital is invested to deliver a long-term return and wider benefits, and our 2025-26 Business Plan (see Forward Look below) sets out relevant budgets.

Managing and delivering capital investment is critical to the short- and long-term success of CES.

Capital receipts are retained as part of the Scottish Crown Estate and we have a statutory duty to maintain and seek to enhance capital value as well as deliver broader economic, social, and environmental value.

To achieve this, we must ensure that we have funds to maintain properties and to invest in assets and activity that generate income. This reinvestment includes staff costs for roles which are specifically focused on growing longer-term portfolio value.

Capital expenditure covers essential expenditure on farming units, rural and coastal infrastructure, urban assets and furthering development opportunities across our portfolio.

Receipts relate not only to property sales but also to other types of capital transactions such as the sale of rights (for example, dredging) or of other property. Receipts may also arise from offshore wind projects reaching certain milestones.

We are not permitted commercial borrowing and must therefore raise capital from property transactions and permitted transfers from revenue to meet our statutory obligations in undertaking works (e.g. providing and upgrading fixed equipment under our 200+ agricultural tenancies) and creating new shared value (e.g. by supporting development of the net zero economy). This reinvestment generates income and grows value in the future, supporting Scottish economic growth.

2.3 Calculating Value

The Estate is made up of 21 asset classes, which vary in value and number of agreements. This diversity of assets help us manage risk and creates ongoing opportunities in relation to enhancing value and income and generating social, economic and environmental benefits.

Table 7: Asset classes value and number of agreements

Asset	Value at 31 March 2025 £m	No. of Agreements
Carbon Capture and Storage	0.01	1
Coastal Cables and Pipelines	5.2	814
Commercial Property	13.6	36
Farming	82.8	222
Finfish Farming	82.6	286
Forestry	47.1	1
Offshore Wind	422.2	70
Marinas and Moorings	6.2	820
Marine Cables and Pipelines	39.7	54
Ports and Harbours	21.2	217
Minerals and Mines	3.3	37
Other Rural	2.9	132
Other Built Environment	0.1	-
Other Seabed	13.3	725
Development Property	5.3	2
Residential	10.7	55
Salmon Fishing Rights	4.7	118
Seaweed	0.04	34
Shellfish Farming	0.7	286
Sporting	4.85	30
Wave and Tidal	0.6	14
Total	767.1	3,954

While the financial success of our assets can be measured through traditional metrics, the wider value delivered by our activities requires the introduction of new indicators and metrics to provide a more measurable understanding of their benefit to the people of Scotland.

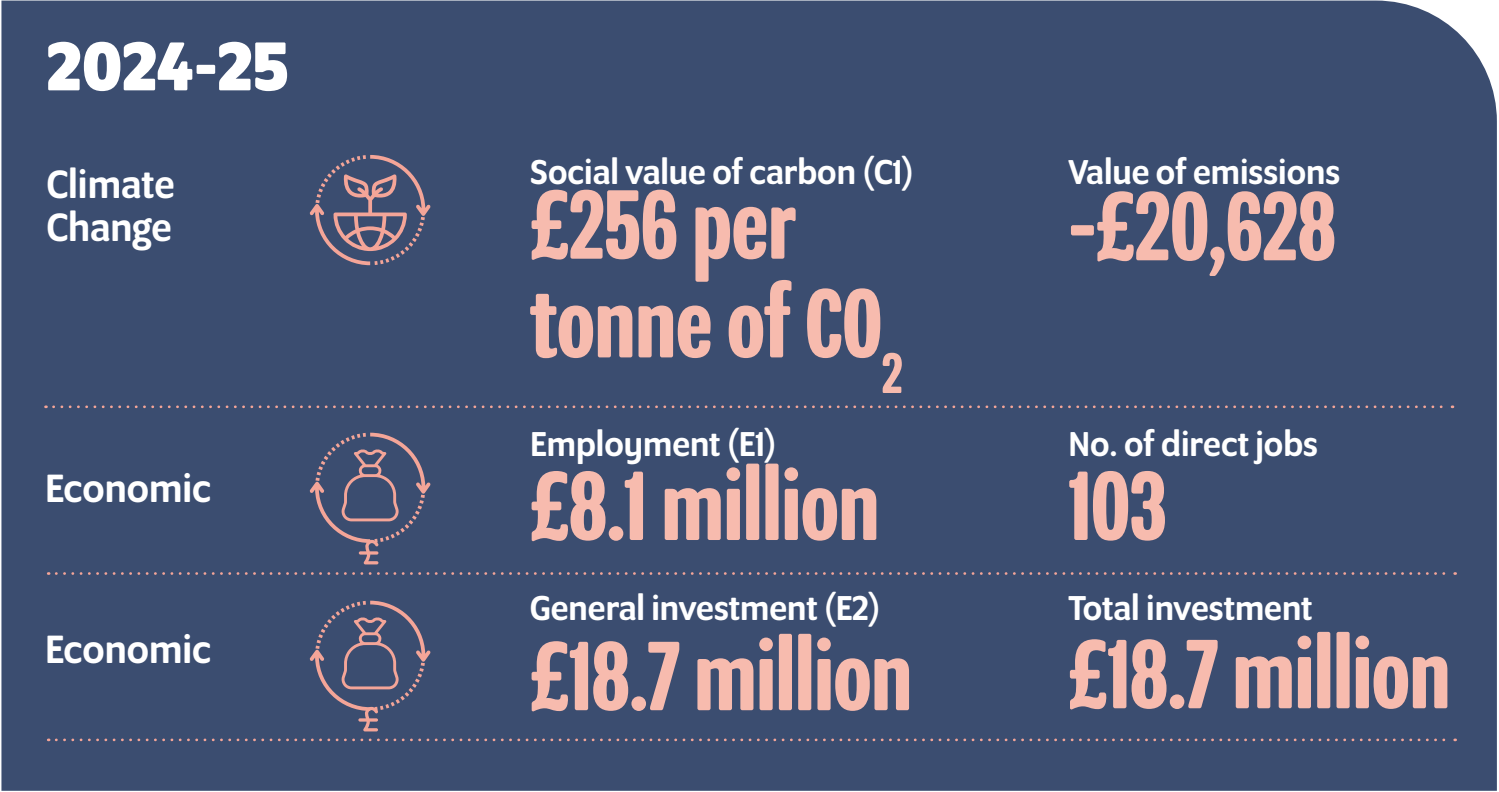
The Value Project started in 2019 as a direct response to this need to define the wider value of CES's activities. In 2023, with the help of Savills Earth we completed development of our new Value Reporting Framework (VRF). This framework will support CES to shape data gathering to inform non-financial 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.

Measuring value

As we prepare for our new Corporate Plan period, we will be reviewing how we measure and report on wider value, with a view to integrating this into wider reporting mechanisms. The review process will be informed by the Value Reporting Framework and other relevant work that we have undertaken in recent years.

Our current metrics are displayed below:



‘Social value of carbon (C1)’ measures the amount that our direct emissions cost society, and is based on the UK Government’s guidance for valuing greenhouse gas emissions.

<https://www.gov.uk/government/publications/valuing-greenhouse-gas-emissions-in-policy-appraisal/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation>

We measure this to track the negative impact our emissions have and support our efforts to reduce that impact.

‘Employment (E1)’ measures the number and financial value of jobs directly supported by Crown Estate Scotland.

We measure this to help track our contribution to Scotland’s economy.

‘General Investment (E2)’ measures the value of our investments other than those made in brownfield or socio-economic assets.

We measure this to help track the financial value created by our strategic investments.

Best Value and value for money

The Board has corporate responsibility for promoting the efficient and effective use of resources in accordance with the principles of Best Value.

As Accountable Officer, the Chief Executive has a duty to secure Best Value through continuous improvement in performance and having regard to economy, efficiency and effectiveness, as well as sustainability and equal opportunities.

Further detail is in our Framework Document found on our website in the Structure & Governance section.

2.3.1 Forward look

CES is a self-funding public corporation and all revenue income, after operating costs and permissible transfers to the capital account, is payable to the Scottish Consolidated Fund and, ultimately, to the Scottish Government.

Revenue

Gross revenue for 2025-26, including anticipated £85.1m ScotWind and INTOG option fees (which generate a 10-year temporary increase in revenue as those fees are released), is budgeted to be £134.3m. This will generate an estimated £103.3m for Scottish Government's future public spending.

Total costs include maintenance, repairs, managing agents, property-related expenditure, and costs associated with running the organisation including staffing. Over the next few years, these costs will increasingly include asset replacement, decarbonisation, and investment in enhancing biodiversity.

The 2025-26 revenue budget includes:

- gross revenue of £85.1m from ScotWind and INTOG option fees, and associated interest income;
- £51.0m gross turnover from non-ScotWind assets;
- total revenue costs of £26.8m to be utilised to maintain and enhance the assets under management and build our capacity to deliver for Scotland; and
- costs include £3.3m for enabling activities, some joint-funded with Scottish Government, to further sustainable development. These include costs associated with our Sustainable Communities Fund.

As our activity expands, we continue to enhance our productivity and efficiency by digitising more business processes, re-tendering key contracts, and investing in staff development.

We are also planning how the Crown Estate Scotland team evolves to ensure we have the right capabilities and the right balance of in-house and outsourced expertise.

Capital

Managing capital receipts and growing the base capital value of the Estate is critical to the short and long-term ability of Crown Estate Scotland to deliver financial and non-financial value. Recapitalising the assets under management is key to ensuring they continue to serve and support Scotland for decades to come and that we deliver on our commitment to a just transition.

Capital receipts are retained as part of the Scottish Crown Estate, and we have a statutory duty to maintain and seek to enhance capital value as well as deliver broader economic, social, and environmental value. To achieve this, we must ensure that we have stable long-term capital funding to maintain the Estate and to invest in assets and activities that generate income as well as wider social and environmental value.

Capital expenditure covers essential work on farming units and urban assets; rural and coastal infrastructure; decarbonising the Estate; seabed leasing processes for offshore renewables; and furthering development opportunities at, for example, Fochabers and Whitehill. Receipts relate not only to property sales but also to other types of capital transactions such as the sale of rights (for example, dredging) and statutory transfers from revenue as provided for under the Act.

For 2025-26 we have allocated up to £23.1m for capital investment and expenditure (cf. 2024-25 budget of £22.7m) covering acquisitions as well as wider capital expenditure. In the same period capital receipts (including statutory transfer) are expected to total £11.8m.

The capital budget for 2025-26 includes:

- potential new acquisitions that align with our investment strategy;
- staff costs for some offshore energy and property development roles;
- capital receipts from farm and other anticipated property sales;
- development costs relating to Whitehill Estate in Midlothian and Mosstodloch in Moray; and
- £6.3m capital improvement expenditure on the four rural estates.

In section 3.3, we set out our internal control structure and how we manage resources.

2.4 Non-financial information

In this section we give an overview of non-financial information that is key to our success as a public body, as an employer and as a responsible business.

2.4.1 Our people

As at 31 March 2025 Crown Estate Scotland has 100.6 FTE, up from 78.4 FTE in 2024 as we continue to invest in our capacity to deliver. Our current business model is based on a core in-house team with support from managing agents; this provides flexibility and access to a wide range of expertise while helping us manage costs.

Our People priorities are led by our People Strategy and our Pay and Reward strategy which define our key strategic priorities as:

- **be an employer of choice** – we are an organisation where talented people choose to work and stay.
- **building our future workforce** – we have the right people, with the right skills, in the right roles at the right time.
- **supporting our diverse workforce** – Crown Estate Scotland is a healthy, diverse and inclusive place to work.

Over the past year, a key focus has been the implementation of our three-year Leadership Development programme ‘Evolve’ for Board, Executive and Senior Managers across the organisation spanning 2025 to 2028. This investment in leadership capability is essential to ensure that we are able to fully deliver against our current and future Corporate Plan outcomes.

We have supported staff wellbeing by reducing full-time working hours from 37 to 35 per week, and continue to champion our right to disconnect policy. We have also maintained our hybrid working approach and support staff to work flexibly in a way which allows them to improve their wellbeing while ensuring delivery against our individual, team and business-wide outcomes.

Over the past year we also continued to implement wellbeing, diversity and team building programmes to foster a positive work environment. These include:

- continuing work to build stronger teams and enhance organisational culture, including sessions for staff on inclusion and allyship, and refreshing policies;
- commencing key work to develop a strategic workforce plan to ensure our people resource is aligned to delivery of our Corporate Plan 2026-31;
- maintaining our Living Wage employer accreditation; and
- delivering our Wellbeing Matters programme, covering financial, mental, social, and physical and wellbeing support for staff.

2.4.2 Health and Safety

Excellent H&S management continues to be fundamental to the success of Crown Estate Scotland.

To underpin this, during 2024-25 we appointed a full-time H&S Manager to lead continuous improvement in our approach to managing H&S, working alongside EDP, our external H&S consultants, to review and enhance our risk management processes.

Our employees are our best assets and we’re committed to keeping them safe, through a strong H&S culture with a genuine commitment to continuous improvement. We have a no-blame culture and encourage staff to discuss concerns and ideas so that we can continuously learn and improve, and safety is an item on senior management, Board, staff and team meetings. Our H&S Committee meets quarterly, with representation from across CES including trade unions – and this year, the terms of reference were refreshed to support effective consultation and engagement on H&S issues affecting the organisation.

Supporting our staff is key to maintaining excellent H&S behaviours, and we provide comprehensive H&S induction, training, policies and processes, in order to provide a safe and healthy work environment for employees, tenants and visitors.

H&S performance is regularly monitored, reported to and reviewed by senior management and Board, as well as by formal independent auditing processes. During 2024-25 an audit of our arrangements for managing H&S was undertaken by BDO, which highlighted areas of good

practice, suggested opportunities for improvements, and provided assurance on our H&S performance. During the year, we have reviewed and strengthened our risk profiling, as well as our arrangements for managing and reporting data.

We continue to work closely with our managing agents and tenants to provide safe and healthy spaces for working and living.

Table 8: 2024-25 and 2023-24 staff accidents and near misses

	2024-25	2023-24
Near misses	11	4
Accidents	4	1

2.4.3 Public Interest Reporting

As a public body, Crown Estate Scotland is committed to full compliance with:

- the Freedom of Information (Scotland) Act 2002 (FOISA);
- the Environmental Information (Scotland) Regulations 2004 (EIRs);
- the Data Protection Act 2018; and
- the Public Records (Scotland) Act 2011 (PRSA).

Crown Estate Scotland operates the Scottish Public Sector Ombudsman’s model complaints handling procedure.

Table 9: 2023-24 and 2024-25

	2024-25	2023-24
Requests for information received	56	52
Requests for information responded to	57	51
Percentage of requests responded to within 20 working days (or within 40 days for a complex EIR request)	98%	96%
Average response time (working days)	14.5	14
Number of reviews carried out	3	2
Number of cases appealed to the Scottish Information Commissioner	1	0
Decisions issued by the Scottish Information Commissioner	1	0

The information in the above table is subject to change given statutory limits for reviews and appeals are ongoing into 2025-26. Figures are as at 31 March 2025.

Appeals

We received three requests for review during the 2024-25 period.

One review was upheld in favour of the initial response. Two reviews were partially overturned, and more information was provided to the applicant.

We received one notification of appeal having been made to the Scottish Information Commissioner during this period.

During the investigation two more documents were identified in scope and provided to the applicant. The exemptions were upheld. Based on this the Scottish Information Commissioner delivered the decision to partially uphold the response by CES.

Training

Training on FOISA and data protection is given as part of the induction process for new staff. Refresher training on FOISA was delivered to staff during the year. Staff are required to complete annual training on cyber security and data protection and regular updates are issued throughout the year.

Training on complaints is in development and delivery will be targeted and staggered to individual teams.

Business areas receiving higher levels of complaints are being prioritised for training. The Complaints Handling Policy and Procedure will be circulated across the organisation. All staff will be required to provide written confirmation they have read and understood the policy and procedure.

Complaints

In the period of this report (1 April 2024 – 31 March 2025) eight complaints were received and recorded.

Of the eight complaints:

- five were treated as Stage 1 complaints.
- two were treated as Stage 2 complaints.
- one was resolved without following the Complaints Handling Procedure.

One additional contact was recorded which did not meet the criteria for a complaint. Of the five complaints treated at Stage 1, three were resolved within the statutory timescale.

Of the two complaints treated at Stage 2, one was resolved within the statutory timescale.

Several learning points have been identified from the complaints received this reporting period. Internal processes and adherence to the Complaints Policy and Procedure will be strengthened to ensure future compliance.

As in previous years, complaints received by Managing Agents have not been reported. However, it is our intention to incorporate this into future reporting.

2.4.4 Environmental Sustainability

The timeframe for our Green Travel and Office Plan has now passed with 20 of 23 actions now delivered. Of the three actions not delivered:

- we determined that the use of climate-friendly vehicles on the Glenlivet Estate was not feasible for all activities, due to current technological limitations;
- the delivery of a carbon audit for the Glenlivet Estate was delayed by changes to other corporate activity; and
- the delivery of a revised approach to sustainable procurement was impacted by resource constraints.

Within this financial year, we have developed an internal guide on sustainable events and meetings to help our team further mitigate the climate impacts of their activities.

We also worked with consultants to develop our initial thinking on a corporate approach to climate adaptation. A range of recommendations emerged from this project, which will underpin a further piece of work, in 2025-26, examining options for decarbonisation across the Scottish Crown Estate.

We further developed our profiles for the 21 different asset classes in use on the estate, including new analysis which highlights potential climate change risks across our asset portfolio.

We delivered our statutory climate change report to Scottish Government within deadline and are exploring how we can best embed sustainability in our 2026-31 Corporate Plan activity.

Climate change reporting

The Climate Change (Scotland) Act requires us, as a public body, to report annually to the Scottish Government on our climate change duties.

Reporting aims to increase transparency, drive emissions reductions and help Scotland achieve its goal of net zero emissions by 2045.

The figures below compare our greenhouse gas emissions between 2022-23 and 2023-24; noting that Scottish Government reporting is done for the preceding financial year.

Scope 1 covers direct emissions from sources owned or controlled by us, e.g. fuel consumption. In 2022-23, Scope 1 emissions were 27,303 tCO₂e. In 2023-24, these decreased by 34.7% to 17,828 tCO₂e. This reduction was driven mainly by lower diesel and petrol use in our vehicles at our Glenlivet and Fochabers Estates.

Scope 2 accounts for indirect emissions from purchased electricity consumed by us. Scope 2 emissions were 7,031 tCO₂e in 2022-23 and increased by 5.8% to 7,441 tCO₂e in 2023-24. Our grid electricity and apportionment use rose significantly at our Edinburgh office, driving up our Scope 2 footprint.

Scope 3 covers our indirect corporate emissions such as our business travel and waste. Scope 3 emissions saw the largest increase, rising 11.7% from 49,519 tCO₂e in 2022-23 to 55,311 tCO₂e in 2023-24.

Table 10: 2022-23 and 2023-24 CO₂ emissions

Emission	tCO ₂ e 2022-23	tCO ₂ e 2023-24	% change
Electricity	13.121	18.402	40.3%
Fuel	27.606	10.744	(61.1%)
Homeworking	18.272	19.526	6.9%
Hotel stay	3.442	5.175	50.4%
Transport	21.255	26.486	24.6%
Waste	0.044	0.109	148.5%
Water	0.113	0.138	21.6%
Total tCO ₂ e	83.853	80.580	(3.9%)

Table 11: 2022-23 and 2023-24 scope-level figures

Scope	tCO ₂ e 2022-23	tCO ₂ e 2023-24	% change
Scope 1	27.303	17.828	(34.7%)
Scope 2	7.031	7.441	5.8%
Scope 3	49.519	55.311	11.7%
Total tCO ₂ e	83.853	80.580	(3.9%)

Reporting our emissions provides visibility of our carbon footprint. Tracking changes between years shows where we have made progress and where more work might be needed.

Biodiversity reporting

The Nature Conservation (Scotland) Act 2004 states that all public bodies in Scotland have a duty to further the conservation of biodiversity when carrying out their responsibilities. This is known as the Biodiversity Duty and it requires us to produce a publicly available report on compliance with the duty every three years.

[Our second Biodiversity Duty report](#) was published in December 2023.

Throughout 2024-25, we continued to strengthen our commitment to biodiversity through active engagement, education, and land management across our estates – particularly on Glenlivet Estate, where our Ranger Service led an extensive programme of public engagement.

These activities placed a strong emphasis on youth engagement and drew in over 800 participants across events and group visits, whilst supporting 101 Volunteer Days. Highlights included building a vegetable garden with Tomintoul Primary, harvesting apples with Glenlivet Primary to produce and sell juice, and running pond and wildflower activities with local schools and Speyside High.

Our team delivered a range of targeted surveys and conservation actions in support of biodiversity monitoring and habitat management. These included bird and raptor monitoring, removal of invasive plant species, and habitat assessments of ancient woodlands.

A range of projects funded via our Sustainable Communities Fund have enabled biodiversity enhancement. To find out more about the impact of all our grants, [please visit this Story Map](#).

This broad and proactive approach ensures that biodiversity considerations are embedded in our estate management, education, and community outreach work – supporting both immediate conservation outcomes and long-term ecological stewardship.

For the marine environment, we help fund a wide range of research into the impact of offshore renewables on the marine environment.

- Offshore Renewables Joint Industry Programme (ORJIP) – improving the evidence base in key topic areas around seabirds, noise and cable impacts.

- ScotMER – including the PrePARED project, which studies predator and prey distribution and behaviour in and around offshore wind farms.
- SOWEC – ‘Collaboration for Environmental Mitigation & Nature Inclusive Design’ report. This provides recommendations on incorporating ‘nature-inclusive design’ principles into offshore wind farms.
- We also agreed a partnership with the Crown Estate to expand the Marine Data Exchange to collect and share offshore data from across UK projects.

We have been delighted to continue our involvement with the [Scottish Marine Environmental Enhancement Fund \(SMEEF\)](#), working in partnership with NatureScot and the Marine Directorate of the Scottish Government.

Throughout 2024-25 we continued to provide funding for SMEEF running costs as well as expert input to the steering group, grants panel and the ethical contribution board.

In accordance with our duties under the Code of Practice for Litter and Refuse (COPLAR), we remove fly tipping and continue regular litter picks at Glenlivet and are also supporting a marine litter officer post in partnership with the Scottish Islands Federation.

Looking ahead, we will expand our programme of work to enhance sustainability in line with our duties in the Act.

The 2025-26 Business Plan and the draft 2026-31 Corporate Plan set out 11 sustainability-related commitments, including:

- support sustainable development of the finfish, shellfish, and seaweed sectors;
- work with tenants and stakeholders to identify and progress plans for new woodland planting to support delivery on climate change and biodiversity targets; and
- development of a Decarbonisation Strategy and Routemap for the Scottish Crown Estate.

The new corporate plan will be accompanied by appropriate KPIs and targets to help track delivery and progress.

2.4.5 Impact Assessments

As a public body subject to the Environment Assessment (Scotland) Act 2005, we must carry out Strategic Environmental Assessments (SEA) on certain plans, programmes and strategies.

In 2024-25 we drafted a consultation copy of our new 2026-31 corporate plan and began work on related impact assessments.

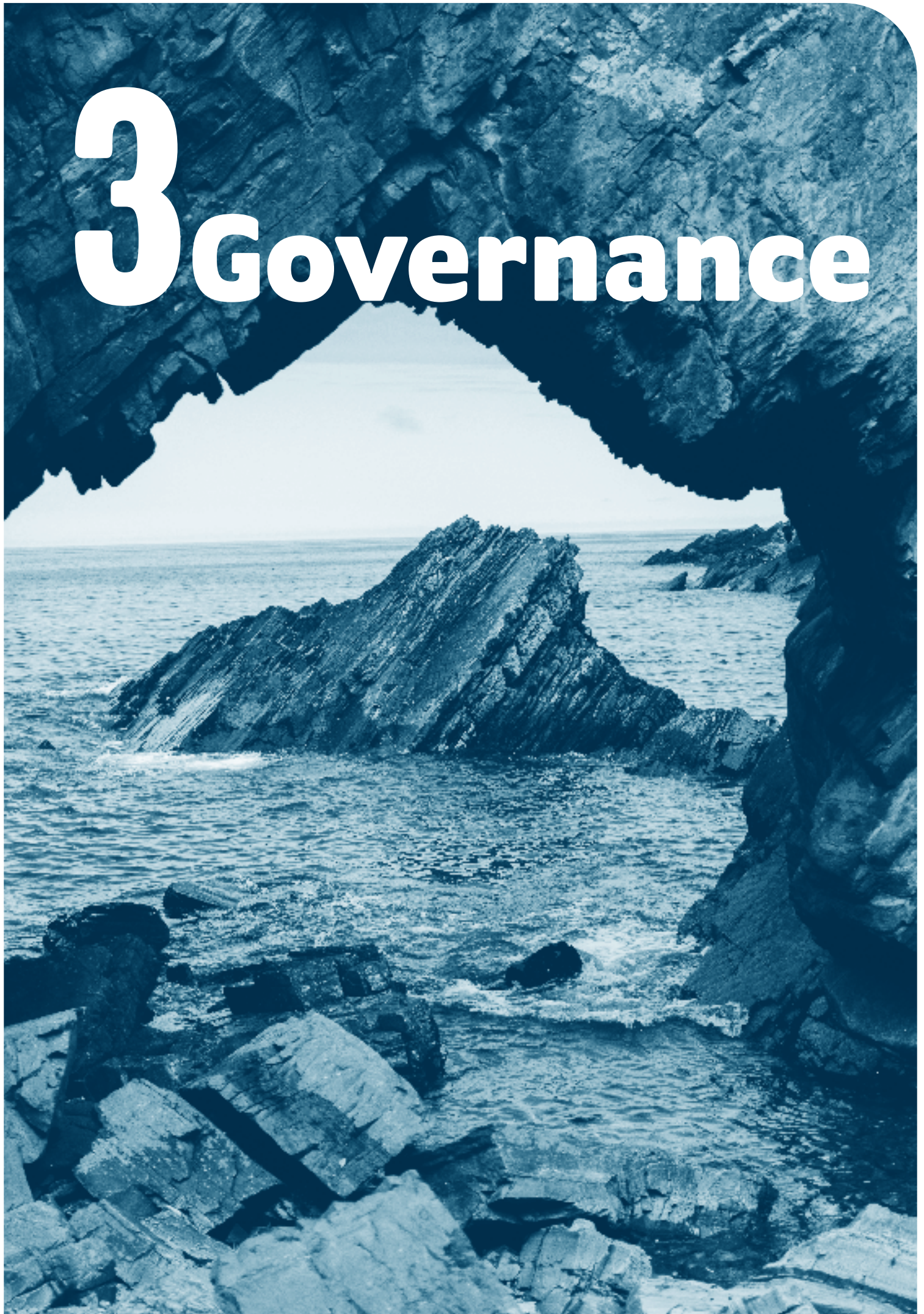


Ronan O'Hara

Chief Executive,
Crown Estate Scotland

03 December 2025

3 Governance



3: Governance

This section explains the composition and organisation of Crown Estate Scotland’s governance structures and provides information on staff and remuneration.

3.1 Members’ Report

Crown Estate Scotland has a non-executive Board, which is supported by an Audit and Risk Committee (ARC), an Investment Committee and a Remuneration Committee.

Members of ARC and other committees are appointed by the Board. Members of the Board, including the Chair, are appointed by Scottish Ministers, initially through a process of open competition for a period determined by Scottish Ministers.

Appointment to the Board, including Chair, does not give rise to any contractual relationship between the Board and the Scottish Ministers and/or the Crown. The Crown Estate Scotland Order 2017 (section 5(3)) provides that Scottish Ministers can reappoint a person who is, or has been, a member.

As at 31 March 2025 the membership of the Board was as follows:

Member	Date of First Appointment	Current End Date	Current Term
Euan McVicar	28 June 2021 ¹	28 February 2026	Third
Ann Allen	28 June 2021	27 June 2025 ²	Second
Katerina Brown	1 June 2022	31 May 2025	First
Lorne MacLeod	1 September 2024	31 March 2025 ³	First
Adam Bruce	10 June 2024	9 June 2027	First
Liz Leonard	1 May 2019	28 February 2026 ⁴	Third
Jean Lindsay	1 May 2019	4 August 2025 ⁵	Third
Robert Mackenzie	1 May 2017	30 April 2025 ⁶	Third
Ailsa Raeburn	1 June 2022	31 May 2028 ⁷	Second

1 Euan McVicar was appointed as Chair of the Board on 1 July 2023. Euan served one two-year term as a Board Member prior to being Chair.

2 Ann Allen will end her second term in 2025.

3 Lorne MacLeod was originally appointed from 1 September 2024 to 31 August 2027. Following his resignation on 31 December 2024 his term ended on 31 March 2025.

4 Liz Leonard’s second term was due to end on 30 April 2025, and following Ministerial approval was extended to 28 February 2026.

5 Jean Lindsay ended her third term on 4 August 2025.

6 Robert McKenzie’s third term ended on 30 April 2025.

7 Ailsa Raeburn has been re-appointed for a second term which will run from 1 June 2025 to 31 May 2028.

The Chair of the Crown Estate Scotland Board Euan McVicar was appointed to this role on 1 July 2023. Prior to his appointment he served one two-year term as a Board Member, and as Chair of the Investment Committee. The Chair's term of appointment will end on 28 February 2026.

The Crown Estate Scotland Board has experienced modifications in membership over the last year and will continue to see further changes in its membership over the course of 2025-26. Michael Foxley ended his term as a Board Member on 31 August 2024 after serving two terms of three years, plus a further year. Adam Bruce and Lorne MacLeod joined the Board in June and September 2024, respectively.

As at 31 March 2025, the Board was comprised of nine members including the Chair. Lorne MacLeod ended his term on 31 March 2025 leaving a vacancy. Three other Board members will also stand down over the coming months. Robert Mackenzie's tenure will end on 30 April 2025, Katerina Brown on 31 May 2025 and Ann Allen in the summer of 2025. Martin McEwen was formally appointed to the Board on 1 May 2025. As part of his induction he attended the February 2025 ARC meeting as an observer.

Liz Leonard and Jean Lindsay were both due to end their terms on 30 April 2025. Following Ministerial approval their terms were extended. Jean Lindsay ended her term on 4 August 2025. Liz Leonard will end her current term on 28 February 2026.

A Public Appointments process is underway to appoint up to five new members over the course of 2025-26.

Biographies of the Board members can be found on the Crown Estate Scotland website at www.crownestatescotland.com in the Our People section.

The Crown Estate Scotland Order 2017 requires that the organisation, which is considered a public organisation must, so far as reasonably practicable, operate in a way which is transparent and accountable and in accordance with good governance practice. During the year 1 April 2024 to 31 March 2025, the Board held four formal meetings. The Board also convened for a Board Development session in August 2024 and a Strategy Day with staff in December 2024. Two decisions were taken out of meeting in early 2025 to meet with external timescales.

A number of the Board Members sit on the Advance Programme Scrutiny Group in an advisory and oversight capacity. This has over the last year included Ann Allen, Robert Mackenzie, Adam Bruce and Jean Lindsay.

Agendas, minutes and papers from Board meetings are available at www.crownestatescotland.com in the Structure & Governance section.

Board members are required to demonstrate appropriate levels of independence and objectivity. Members have, to the best of their knowledge, declared any conflict of interest to the Board and have disclosed in a Register of Interests details of any directorships, appointments or significant interests which may conflict with their role on the Board of Crown Estate Scotland. This Register is available at www.crownestatescotland.com in the Structure & Governance section.

A Framework Document for Crown Estate Scotland was agreed by the Marine Directorate of the Scottish Government and the Accountable Officer, and came into effect on 1 April 2020. The Framework Document sets out the broad structure within which Crown Estate Scotland is to operate and the roles of the Chair, the Board, and the Chief Executive and Accountable Officer. A revised CES Framework agreement was published on 7 August 2025.

The Chair is accountable to Scottish Ministers. He has, along with the other Members, corporate responsibility for ensuring that Crown Estate Scotland fulfils the aims and objectives set for it by the Scottish Ministers, including those set out in the Strategic Management Plan for the Scottish Crown Estate and the Corporate Plan, and for promoting the efficient and effective use of staff and other resources.

Board meetings during the financial year reviewed Crown Estate Scotland's operational and financial performance compared to plan, business strategy and risk management as well as high-level review and scrutiny of Health and Safety issues. Crown Estate Scotland maintains an active and ongoing dialogue at all levels within Scottish Government. The Chair and Chief Executive meet with officials from the Scottish Government to discuss a range of business issues and members of the Executive Team and other officers also meet Scottish Government officials on a regular basis.

The Chief Executive, who has responsibility for the management of Crown Estate Scotland, presents a report to the Board on a quarterly basis in which he sets out the key activities undertaken and achievements across the organisation. Quarterly reports on business performance, financial management and people matters are also submitted to the Board. The Board has delegated in-depth scrutiny of certain areas of activity to the Audit and Risk Committee and oversight and scrutiny of investment activity to the Investment Committee and receives the minutes from each committee meeting together with quarterly reports from the Chairs of those committees as well as recommendations for decision. The Board has approved a scheme of internal delegated authority for the organisation with the Audit and Risk Committee having oversight of that delegated authority.

A Remuneration Committee was established by the Board in June 2022 to provide advice to the Chief Executive on the parameters for negotiation with the recognised Trade Union, PCS, in relation to the implementation of Scottish Government Pay Policy and CEO remuneration. The Committee, chaired by Jean Lindsay, met three times during 2024-25.

3.2 Statement of Accountable Officer's Responsibilities

In accordance with section 34 of the Scottish Crown Estate Act 2019, Crown Estate Scotland must prepare a statement of accounts for each financial year in such form as the Scottish Ministers may direct.

Scottish Ministers issued a Ministerial Direction to Crown Estate Scotland on 19 December 2024. Three further Ministerial Directions that have been recorded in previous accounts also apply to the 2024-25 accounts. All four Ministerial Directions are presented as annexes to these accounts. The accounts are prepared on an accruals basis and must give a true and fair view of Crown Estate Scotland's income and expenditure, Statement of Financial Position, and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts is fair, balanced, and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive as Accountable Officer of Crown Estate Scotland. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, approving and confirming project or policy initiatives before they proceed, for keeping proper records, and for safeguarding the assets managed by Crown Estate Scotland, are set out in Managing Public Money published by the HM Treasury.

The Accountable Officer is responsible for ensuring the annual reports and accounts as a whole are fair, balanced and understandable. They must confirm that they take responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

The Accountable Officer, must take all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that Crown Estate Scotland's auditors are aware of that information.

3.3 Governance Statement

The Board has a collective responsibility for maintaining sound corporate governance and internal controls that supports the achievement of Crown Estate Scotland's policies, aims and objectives whilst safeguarding public funds and the assets under management.

As Accountable Officer and Chief Executive, I am personally responsible for the duties specifically assigned to me including:

- ensuring the propriety and regularity of Crown Estate Scotland's finances and that there are sound and effective arrangements for internal control and risk management;
- ensuring that the resources of Crown Estate Scotland are used economically, efficiently and effectively and that appropriate arrangements are in place to secure Best Value for the organisation and to deliver Value for Money for the public sector as a whole;
- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual (SPFM);
- signing the annual accounts and associated governance statements; and
- obtaining written authority from the Chair/Board before taking any action which is considered inconsistent with the proper performance of the Accountable Officer functions.

3.3.1 Governance Framework

Crown Estate Scotland, established by the Crown Estate Scotland Order 2017, operates under that Order and in accordance with the provisions of the Scottish Crown Estate Act 2019 and the Framework Document between Scottish Government and Crown Estate Scotland. The organisation has been designated as a public corporation.

Throughout the financial year, Crown Estate Scotland operated under an organisational structure with clearly defined lines of authority and accountability as set out in the Framework Document, the arrangements for Board, the terms of reference for ARC and the internal scheme of delegated authority, to provide:

- assurance to the Scottish Government that Crown Estate Scotland has in place an effective governance system, accountable to Scottish Ministers;
- transparency of the roles and responsibilities of the Board and ARC to demonstrate a shared governance agenda across Crown Estate Scotland to contribute to the achievement of the Scottish Government's Economic Strategy and National Performance Framework;
- assurance the Board is focused on ensuring effective strategic leadership; and
- assurance there is a fully empowered Accountable Officer within Crown Estate Scotland, able to maximise productivity within a robust strategic framework.

3.3.2 Audit and Risk Committee

Up until 31 April 2025 the Audit and Risk Committee (ARC) was chaired by Robert Mackenzie, a non-executive member with a business advisory and accountancy background and extensive public sector advisory and risk experience. From 1 May 2025 Martin McEwen commenced as the new Chair of the Audit and Risk Committee. Other non-executive board members who served on the Committee during the reporting period were Katerina Brown and Ann Allen. ARC maintains oversight of internal and external audit, financial, risk and governance performance and Health and Safety. ARC operates independently of and reports to the Board.

The Committee meets with management and with internal and external auditors, who normally attend all ARC meetings, to review the effectiveness of internal controls and business risk management. ARC adheres to the requirements of the Scottish Government's Audit Committee and Assurance Handbook, and assesses its performance against Handbook criteria annually. In 2024-25 the Committee met on four occasions in accordance with its Terms of Reference. ARC meetings covered financial performance, risk management, internal and external audit, procurement, recent changes to the global internal audit standards as well as health and safety.

3.3.3 Investment Committee

Investment Committee is chaired by Ailsa Raeburn who took over the role from Euan McVicar on 1 July 2023. Other members who have served on the Committee during the reporting period are Michael Foxley, Liz Leonard and Adam Bruce. Michael Foxley's term came to an end in August 2024. The Committee retains oversight of the organisation's investment strategy and performance against strategic investment objectives, considers and advises the Board and the Accountable Officer on proposals relating to the acquisition and disposal of assets. In 2024-25 the Committee met on four occasions in accordance with its Terms of Reference. It also made four decisions out of formal Committee meetings. Investment Committee meetings covered portfolio management, Community Land Accelerator, acquisitions and divestment activity.

3.3.4 Remuneration Committee

During 2024/25 the Remuneration Committee was chaired by Jean Lindsay and members included Katerina Brown, Lorne MacLeod, and Robert Mackenzie. All members have now ended their terms and the Remuneration Committee will be reconvened when new Board Members have been onboarded in November 2025. The Committee provides governance oversight of how Scottish Government's annual Pay Strategy will be implemented across all Crown Estate Scotland pay bands, including the Chief Executive, Chair and Board Members, paying particular regard to equal pay. The Committee agrees the pay remit/pay proposal to be submitted to the Sponsor Team for approval; approves the negotiating parameters for the pay negotiations with the Trade Union, where appropriate, and approves the final position on behalf of the Board. The Committee also approves the Crown Estate Scotland Pay and Reward Strategy relating to all staff below CEO Grade. In 2024-25, the Committee met on four occasions. Remuneration Committee meetings covered pay and reward strategy, 35-hour working week, equal pay audit and guidance on Chief Executive/ Accountable Officer remuneration.

3.3.5 Board and Committee performance

Formal annual evaluation processes are in place for all Board members. The Chair reviews the performance of individual Members on an annual basis and the full Board reflects on its effectiveness following completion of those reviews. The Chair's performance is evaluated annually by the Sponsor Director.

Induction and training are provided for non-executive Board members and they are encouraged to participate in training offered by the Scottish Public Bodies Unit and by the organisation through its e-learning platform, the Governance Hub. Training is offered to all members to develop their skills and support their contribution to the work of the Board.

Crown Estate Scotland has in place a Code of Conduct for Board members, as approved by the Scottish Ministers. In compliance with the Ethical Standards in Public Life, etc. (Scotland) Act 2000, the Code of Conduct for Board members is published on our website, together with the Board members' Register of Interests. The code was last reviewed and accepted by the Board at their meeting on 26 February 2025 where it was agreed it will be annually reviewed.

3.3.6 Board and Committee attendance

	Board	Audit and Risk Committee	Investment Committee	Remuneration Committee
Board Member	4 meetings held in year Meetings held in membership period/ meetings attended during membership period	4 meetings held in year Meetings held in membership period/ meetings attended during membership period	4 meetings held in year Meetings held in membership period/ meetings attended during membership period	4 meetings held in year Meetings held in membership period/ meetings attended during membership period
Euan McVicar (Chair)	4(4)	4(INV)	4(4NV)	–
Ann Allen	4(2+1P)	4(1+1P)	–	–
Katerina Brown	4 (2+2P)	4(2)	–	4(3)
Michael Foxley	2(1)	–	2(2)	–
Liz Leonard	4(3)	–	4(4)	–
Jean Lindsay	4(3+1P)	–	–	4(4)
Robert Mackenzie	4(3)	4(4)	–	4(4)
Ailsa Raeburn	4(4)	–	4(4)	–
Adam Bruce	3(2)	–	2(1)	–
Lorne MacLeod	2(2)	2(1)	–	2(2)
Martin McEwen	–	1(INV)	–	–

* P denotes partially attended

* NV denotes attended in non-voting capacity

3.3.7 Compliance

Throughout the financial year and up to the date of approval of the Annual Report and Accounts, Crown Estate Scotland complied with the Framework Document between The Scottish Government and Crown Estate Scotland for Crown Estate Scotland issued on 1 April 2020.

Crown Estate Scotland complied with the SPFM which sets out the relevant statutory, parliamentary, and administrative requirements, unless amended by the Framework Document or by specific derogation or prior agreement with Scottish Government or as noted in this statement.

The SPFM contains provisions relating to the procurement, management, and monitoring of the delivery of major investment projects. The most recent annual procurement report was published in February 2025 and is available on the website: [Procurement | Crown Estate Scotland](#)

3.3.8 Risk and internal control framework

As at 31 March 2025, risk management arrangements appropriate to the size of Crown Estate Scotland, covering operational management for all areas of the business, were in place and remain so up to the date of approval of the Annual Report and Accounts.

There is strong commitment to continuous improvement to address document development, revision, compliance monitoring and internal audit methods and requirements going forward.

3.3.9 Approach to risk management

The SPFM requires all public bodies to maintain a risk management system which complies with its guidelines. Crown Estate Scotland has a risk management strategy, policy and processes framed in accordance with the SPFM.

The system of internal control that has been adopted is designed to manage rather than eliminate the risk of failure to achieve Crown Estate Scotland's aims and objectives. It can therefore only provide reasonable and not absolute assurance of complete effectiveness.

The risk management system includes processes for the identification, evaluation, and mitigation of risk. Review and reporting of risk is undertaken at a strategic, operational and project level. Each identified risk has a designated owner and actions are taken to manage the risk accordingly. An actions tracker is used to monitor timeous completion of actions with the tracker being reviewed monthly by the Executive Team.

New or changed risks are identified, evaluated, reviewed for alignment with the business plan and escalated if appropriate. All strategic, tactical, asset and compliance risks are actively managed, reviewed and updated by the Executive Team and reported to ARC on a quarterly basis and to the Board on at least an annual basis or as deemed appropriate. There are project level risk registers linked to the four main risk areas to ensure a golden thread between operational and strategic risks. More on strategic risk is in section 2.1.

Particular focal points for risk management during the year have been:

- The implications for Crown Estate Scotland of emerging legislation including the Crown Estate Bill, Great British Energy Bill and Land Reform Bill.
- Changes to the UK budget and the impact on inherited agricultural assets.
- The challenging fiscal context in Scotland and the potential to negatively impact on future investment activity.
- Climate change risks and the impact on the estate over the next ten to twenty years.
- The absence of a long-term settlement on conversion of revenue to capital and implications for investment in the estate.
- Effectiveness of systems for reviewing and reporting on the performance of investments.
- Workforce planning and expansion and implications for business performance.
- Reputational and resource implications of external scrutiny relating to ScotWind, INTOG and proposed Nigg investment.

3.3.10 Internal Audit

The contract for the provision of internal audit services was re-tendered during 2022-23 and, following a competitive process, BDO LLP were appointed as internal auditors with effect from 1 April 2023.

The internal auditors report to ARC and the Board on the adequacy and effectiveness of Crown Estate Scotland's system of internal control, make recommendations for improvement and agree actions for implementation with management. The work of internal audit is informed by an analysis of the risks to which Crown Estate Scotland is exposed. An internal audit plan is agreed with the Accountable Officer, Executive Team and ARC on behalf of the Board. This included the following seven audits, and a follow-up audit review of actions.

- Workforce and Succession Planning
- Corporate Governance
- Communication and Stakeholder Engagement
- Health and Safety
- Community Engagement
- Cyber Review
- Income Management

Of the seven audits undertaken the majority provided satisfactory levels of assurance. Our approach to Data Protection and Corporate Governance was identified as needing strengthening partly due to organisational changes to Governance team capacity in the last year.

3.3.11 External Audit

The Auditor General for Scotland is responsible to the Scottish Parliament for securing the audit of the financial statements of Crown Estate Scotland. Audit Scotland was appointed by the Auditor General for Scotland as the external auditors for Crown Estate Scotland for the year ended 31 March 2025.

3.3.12 Personal Data-Related Incidents

Crown Estate Scotland had no significant or reportable data-related incidents during 2024-25.

3.3.13 Public Services Reform (Scotland) Act 2010

In accordance with the Public Services Reform (Scotland) Act 2010, Crown Estate Scotland has published the information on expenditure and certain other matters as required on the [reporting page of our corporate website](#).

3.3.14 Conclusion

As Accountable Officer I can confirm that I am fully content with the effectiveness of Crown Estate Scotland's existing arrangements to ensure appropriate standards of corporate governance and effective risk management.

As far as I am aware, the Annual Report and Accounts as a whole is fair, balanced and understandable. I confirm that I take responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

As the Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Crown Estate Scotland's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



Ronan O'Hara

Chief Executive,
Crown Estate Scotland

03 December 2025

3.4 Remuneration and Staff Report

Remuneration Policy

Crown Estate Scotland operates in line with the provisions of the Scottish Government's Public Sector Pay Strategy. The annual pay award is negotiated with our recognised trade union, PCS, within the parameters set by Scottish Government Pay Strategy.

In 2023-24 we received a Pay Claim from PCS on behalf of staff. Following negotiations, we implemented a two-year pay award in January 2024. Elements of the pay award were backdated to 1 April 2023 with others taking effect from 1 January 2024. The stages of the 2024-25 element took effect in 1 April 2024 and 1 January 2025. This award was in line with the parameters outlined by Scottish Government.

A Remuneration Committee is established to provide governance oversight of how Scottish Government's annual Pay Strategy will be implemented across all Crown Estate Scotland pay bands, including the Chief Executive, Chair and Board Members, paying particular regard to equal pay.

Service Contracts

Our staff are crown servants. The terms and conditions of service applicable to the Chief Executive and Accountable Officer are subject to a separate approval exercise. The remuneration elements of this appointment are subject to the approval of the Scottish Government at the outset and annually, in line with the Scottish Government's Public Sector Pay Policy.

Remuneration of the Board

Board members are appointed by the Scottish Ministers in accordance with the Crown Estate Scotland 2017 Order and in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland, as issued by

the Commissioner for Ethical Standards in Public Life in Scotland. Fees are determined by Scottish Government and the remuneration borne by Crown Estate Scotland.

Remuneration of the Board (subject to audit opinion)

	Fees £'000		Benefits in kind £(nearest 100)		Total £'000	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Ann Allen (non-executive member)	5-10	5-10	1,300	1,500	5-10	5-10
Katerina Brown (non-executive member)	5-10	5-10	—	—	5-10	5-10
Adam Bruce (non-executive member) ⁸	0-5	—	—	—	0-5	—
Amanda Bryan (non-executive member, Chair of the Board until 30 June 23) ⁹	—	10-15	—	300	—	10-15
Dr Michael Foxley (non-executive member) ¹⁰	0-5	5-10	1,800	—	0-5	5-10
Liz Leonard (non-executive member)	5-10	5-10	600	200	5-10	5-10
Jean Lindsay (non-executive member, Chair of the Remuneration Committee)	5-10	5-10	100	100	5-10	5-10
Robert Mackenzie (non-executive member, Chair of the Audit and Risk Committee)	5-10	5-10	400	700	5-10	5-10
Lorne MacLeod (non-executive member) ¹¹	0-5	—	1,100	—	0-5	—
Euan McVicar (non-executive member, Chair of the Board from 1 July 2023, Chair of the Investment Committee to 30 June 2023)	40-45	30-35	100	—	40-45	30-35
Ailsa Raeburn (non-executive member, Chair of the Investment Committee from 1 July 2023)	5-10	5-10	2,000	3,200	5-10	5-10

Board members did not receive any bonuses or performance related pay. All members noted above served throughout the financial year unless stated otherwise.

The monetary value of benefits in kind covers any benefits provided by Crown Estate Scotland and treated by HMRC as a taxable emolument. The disclosed benefits in kind include income tax and national insurance

liabilities that are met by Crown Estate Scotland. In line with Scottish Government guidance, which states that Board members of public bodies such as Crown Estate Scotland should not be out of pocket for expenses that result from their appointment, Crown Estate Scotland reimburses travel and other related expenses incurred by Board members in the performance of their duties.

⁸ appointed on 10 June 2024

⁹ stepped down 30 June 2023

¹⁰ stepped down 30 August 2024

¹¹ appointed on 1 September 2024

Remuneration and pension benefits of the Chief Executive and Executive Team (subject to audit opinion)

The salary and pension entitlements of Crown Estate Scotland's Chief Executive and Executive Team are shown below. All staff were in post for the full period unless otherwise noted.

	Salary £'000 ¹²		Pension Benefits ¹³ £'000		Other remuneration £'000		Total £'000	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Ronan O'Hara – Chief Executive	120-125	115-120	62	45	–	2 ¹⁴	185-190	160-165
Esther Black – Director of Corporate Operations until 31 May 2024	15-20 (100-105 FTE)	75-80 (95-100 FTE)	13	31	–	–	30-35	110-115
Annie Breden – Interim Director of Corporate Operations from 1 June 2024 ¹⁵	80-85 (95-100 FTE)	n/a	45	n/a	–	–	125-130	–
Ann Jacob-Chandler – Director of Development, Capital Delivery and Decarbonisation from 22 July 2024	65-70 (95-100 FTE)	–	27	–	–	–	90-95	–
Oster Milambo – Director of Property	100-105	95-100	43	38	–	–	145-150	130-135
Alastair Milloy – Director of Finance and Business Services	100-105	95-100	44	39	–	–	145-150	135-140
Colin Palmer – Director of Marine until 31 January 2024	–	85-90 (95-100 FTE)	–	34	–	–	–	120-125
Mike Spain – Director of Aquaculture and Ecosystem Services from 1 August 2024	60-65 (95-100 FTE)	–	25	–	0.1 ¹⁶	–	85-90	–
Sian Wilson – Interim Director of Marine from 1 February 2024 until 31 March 2025 ¹⁷	85-90 (95-100 FTE)	60-65 (90-95 FTE as Director)	40	5	–	–	125-130	65-70

¹² FTE salary presented reflects full year salary for Executive team position.

¹³ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹⁴ Relocation expenses

¹⁵ Remuneration for staff member prior to Executive Team position not included.

¹⁶ to nearest £100; taxable benefit

¹⁷ Remuneration for staff member prior to Executive Team position not included.

	Accrued pension at pension age as at 31.03.25 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31.03.25 £'000	CETV at 31.03.24 £'000	Real increase in CETV £'000 2024/25
Ronan O'Hara	5-10	2.5-5	119	63	43
Esther Black	15-20	0-2.5	235	209	9
Annie Breaden	10-15	2.5-5	147	111	26
Ann Jacob-Chandler	0-5	0-2.5	20	—	15
Oster Milambo	5-10	2.5-5	121	79	27
Alastair Milloy	10-15	2.5-5	196	145	32
Sian Wilson	15-20	0-2.5	201	159	22
Mike Spain	0-5	0-2.5	25	—	20

Salary

Salary includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued costs to Crown Estate Scotland and thus recorded in these accounts.

Bonuses

Crown Estate Scotland does not operate a bonus scheme.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The only benefits in kind provided in the period related to the reimbursement of some Board member, and employee, expenditure which is considered by HMRC to be taxable. A predevolution legacy medical insurance benefit was provided to a small number of employees until it ended on 31 March 2024.

Exit packages (subject to audit opinion)

There were no exit packages agreed or paid during the financial year.

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Civil Service Pensions

Crown Estate Scotland pension benefits are provided through the Civil Service pension arrangements.

From 1 April 2022 we have two categories of pension provision. These are:

- alpha, otherwise known as the Civil Servants and Others Pension Scheme, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher); or
- a Partnership pension account, which is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider – Legal & General.

The alpha scheme is a statutory arrangement which is unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under alpha are increased annually in line with Pensions Increase legislation. Employee contributions are salary-related and range between 4.6% and 8.05% for members of alpha (no change from 2023-24).

Employer contributions were payable at 28.97% (2023-24: 26.6% to 30.3%) of pensionable pay. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. Alpha is an unfunded multiemployer defined benefit scheme. As a result, we are unable to identify our share of the underlying assets or liabilities.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member, no change from 2023-24). The employee does not have to contribute, but where they do make contributions, the employer will also match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

For 2024-25, employer's contributions of £1.5m (2023-24: £1.2m) were paid to the PCSPS and other pension providers. Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Fair Pay Disclosure (subject to audit opinion)

	2024-25	2023-24	year on year variance (%)
	Value	Value	
Band of highest paid employee's total remuneration £'000	120-125	115-120	4%
Remuneration range £'000	25-125	24-120	n/a
Median total remuneration £	62,013	57,285	8%
Median pay ratio	1.98	2.05	(4%)
25th percentile remuneration £	41,800	42,597	(2%)
25th percentile pay ratio	2.93	2.76	6%
75th percentile remuneration £	68,776	66,506	3%
75th percentile pay ratio	1.78	1.77	0%

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

Total remuneration includes salary and non-cash benefits only. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. 25th, 75th and median remuneration excludes the highest-paid employee.

The average mean increase in staff remuneration was 6%. Factors affecting this average include the impact of annual salary increases, changes in distribution of staff numbers both across and within pay bands, arising from length of service, staff turnover and new roles. A number of new roles were created in the year in the 0-25% percentile which has reduced the 25% ratio. There was a 4% increase in the remuneration of the highest-paid director during the year.

Staff Report

As at 31 March 2025 there were 103 staff in post and nine non-executive members.

Staff type	Headcount	Full time equivalent
Permanent	86	84.6
Fixed-term	8	8
Agency Staff	9	8
	103	100.6

The split by seniority and gender is detailed below for the total number of persons employed, and by the average number of full-time equivalent persons employed.

Staff Numbers and Gender Composition (subject to audit opinion)

	Head Count 31 March 25		Head Count 31 March 24		Staff FTE 31 March 25		Staff FTE 31 March 24	
	Male	Female	Male	Female	Male	Female	Male	Female
Non-Executive Members	4	5	3	5	n/a	n/a	n/a	n/a
Senior Management	4	2	3	2	4	1.8	3	2
Other Staff	36	52	30	45	35.6	51.2	30	44
Agency Staff	3	6	—	1	2.6	5.4	—	1

Gender composition figures are based on available information. We do not currently hold gender data on all staff and non-executives.

Staff includes staff employed or seconded to Crown Estate Scotland on fixed term contracts and agency staff. There was an increase in use of agency staff in 2024-25 due to short term resource requirements to provide short term cover for vacancies and undertake project work.

Staff turnover (excluding agency staff) was 8.0% in 2024-25, of which 1.1% related to the ending of fixed term contracts. This is compared to 14.3% in 2023-24, of which 1.3% related to the ending of fixed term contracts.

The tables below provide information on the total number of off-payroll engagements, who are earning more than £245 per day plus new engagements during the year. None were Board members or senior management with significant financial responsibility during the year. All existing off-payroll engagements are employed by a supplier in the Crown Estate Scotland supply chain.

	Agency staff with day rate >£245
Number of existing engagements as at 31 March 2025	8
Of which:	
Number that have existed for less than one year at the time of reporting	8

	Agency staff with day rate >£245
No. of temporary off-payroll workers engaged during the year ended 31 March 25	15
Of which:	
Not subject to off-payroll legislation	15

Trade Union Disclosure

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. This data is published [here on our website](#).

Relevant union officials	2024-25	2023-24
Band of highest-paid employee's total remuneration £'000	120-125	115-120
Employees identified as relevant union officials	7	6
Full time equivalent identified as relevant union officials	0.04	0.1
Proportion of working time spent on facility time by employee		
0% of working time	5	4
1-50% of working time	2	2
51-99% of working time	—	—
100% of working time	—	—
Proportion of paybill spent on facility time (to nearest £000)		
Amount of pay bill spend on facility time	3,000	5,000
Total pay bill	£8,107,000	£6,017,000
% age of paybill spent on facility time	0.04%	0.08%
Time spent on paid trade union activities as a % of total paid facility time	41%	100%

Staff Costs (subject to audit opinion)

	2024-25 £m	2023-24 £m
Wages and salaries	5.4	4.3
Social security costs	0.6	0.5
Pension costs	1.5	1.2
Agency Staff	0.6	—
Total costs	8.1	6.0

Sickness Absence Data

Our level of sickness absence for 2024-25 was 4.4 average working days lost per employee (AWDL) (cf. 2023-24 3.1). Adjusting for incidences of long-term sickness (>14 days) the average number of days lost per employee was 1.9 days (cf. 2023-24 1.3 days).

Staff Policies

We are committed to eliminating discrimination and encouraging equality and diversity amongst our workforce.

We comply with the public sector equality duty in the Equality Act 2010 to, in the exercise of our functions, have regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and other prohibited conduct;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

We oppose all forms of unlawful and unfair discrimination. Our equality and diversity policy states our commitment to:

- creating an environment in which individual differences and the contributions of all our staff are recognised and valued;
- encouraging a working environment that promotes equality and diversity;
- allowing no form of intimidation, bullying or harassment being tolerated whether direct, indirect, associative or by perception;
- offering training, development and progression opportunities to all of our staff;
- recognising the varied contributions that a diverse workforce makes to the business;
- reviewing all employment practices and procedures to ensure fairness; and
- ensuring compliance with the Equalities Act 2010.

In January 2022 we published our first Equality, Diversity & Inclusion (EDI) Plan.¹⁸ The commitments in the plan cover a range of activities, support meeting our general public sector equality duty and reflect feedback from staff as well as independent input from academics at Glasgow Caledonian University.

In the year up to 31 March 2025, we:

- continued to gather baseline workforce data to enable us to continue to monitor EDI;
- created a partnership with Inclusive Employers whereby we conducted an EDI assessment, the results of which have helped inform the revised EDI plan;
- created a visual Employee Value Proposition which we posted on our intranet to demonstrate our commitment 'to helping staff to thrive and be the best that they can be';
- developed people data dashboards for managers to provide information on EDI across the organisation;
- continued to implement wellbeing, diversity and team building programmes to foster a positive work environment. These include:
- continuing work to build stronger teams and enhance organisational culture, including sessions for staff on inclusion and allyship and refreshing policies;
- commencing key work to develop a strategic workforce plan to ensure our people resource is aligned to delivery of our Corporate Plan 2026-31;
- maintaining our Living Wage employer accreditation; and
- delivering our Wellbeing Matters programme, covering financial, mental, social, and physical and wellbeing support for staff;
- continued our support of an award for organisations demonstrating excellence in embedding diversity into net zero and Just Transition activity;
- helped shape a Diversity Dialogue workshop where representatives from a range of equality groups discussed how to evolve workplace diversity and inclusion with particular focus on land and property;

¹⁸ [See our Equality, Diversity and Inclusion plan](#)

- continued support for an annual Prosper STEM education programme that targets schools in deprived areas and ensures diverse cohorts of pupils; and
- continued our children and young people's group – which group members have named the Crown Estate Scotland Future Forum – to enable the younger generation to inform our work.

Our latest staff survey, conducted in July 2023, shows that 68% staff believe that Crown Estate Scotland is committed to creating a diverse culture. We will be running our next employee engagement survey in 2025.

One area that we are particularly focussed on is encouraging employees to provide relevant data through our HR system. We issue frequent internal communications relating to the confidentiality of the data held and raising awareness of the importance of workforce data in informing our EDI activity. We designed the disclosure function carefully to ensure that self completion is easy and quick to do. All new starts are encouraged to disclose at induction stage.

The equalities impact assessment for our Corporate Plan can be found on our [website](#).

4 Financial Statements



4. Financial statements

4.1 Independent Auditor's Report

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Crown Estate Scotland for the year ended 31 March 2025 under the Scottish Crown Estate Act 2019. The financial statements comprise the Statements of Comprehensive Income, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Capital and Reserves and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- gave a true and fair view of the state of the body's affairs as at 31 March 2025 and of its net expenditure in the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the Scottish Crown Estate Act 2019 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the

ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Scottish Crown Estate Act 2019 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Principal Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Scottish Crown Estate Act 2019 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with

the Scottish Crown Estate Act 2019 and directions made thereunder by the Scottish Ministers; and

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Scottish Crown Estate Act 2019 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Louisa Yule
 Audit Scotland
 4th Floor,
 The Athenaeum Building,
 8 Nelson Mandela Place,
 Glasgow, G2 1BT
 03 December 2025

4.2 Statements of comprehensive income

For the year ended 31 March 2025

Revenue account

	Note	2024-25 £m	2023-24 £m
Revenue	6	129.5	112.9
Costs	7	(21.5)	(17.2)
Operating profit		108.0	95.7
Interest income	10	33.1	22.7
Net operating profit before depreciation, and capital transfer agreements		141.1	118.4
Depreciation of right to use asset	20	(0.1)	(0.1)
Depreciation of tangible fixed assets	18	(0.1)	(0.2)
Net operating profit before capital transfer agreements		140.9	118.1
Recovery of capital expenditure under the Scottish Crown Estate Act 2019 and by capital transfer agreements	11	(9.8)	(4.7)
Other capital transfer agreements	11	(0.3)	(0.2)
Net consolidated revenue account profit		130.8	113.2
Statement of comprehensive income of the revenue account			
Net revenue account profit – distributable to the Scottish Government Consolidated Fund	14	130.8	113.2
Total comprehensive revenue account profit		130.8	113.2

Capital account

	Note	2024-25 £m	2023-24 £m
Revenue	6	0.4	0.4
Charge from revenue for salary costs	9	(0.8)	(0.7)
Net revaluation gains in property and investments (including profit/(loss) on disposal)	12	85.8	15.7
Capital profit before capital transfer agreements		85.4	15.4
Recovery of capital expenditure under the Scottish Crown Estate Act 2019 by capital transfer agreement	11	9.8	4.7
Other capital transfer agreements	11	0.3	0.2
Net capital account profit		95.5	20.3
Statement of comprehensive income of the capital account			
Net capital account profit		95.5	20.3
Total comprehensive capital account profit		95.5	20.3

4.3 Statement of financial position

As at 31 March 2025

	Note	2024-25 £m	2023-24 £m
Assets			
Non-current assets			
Investment properties	15	767.0	665.5
Owner occupied property	16	0.1	0.1
Plant and equipment	18	0.4	0.4
Right of use assets	20	0.7	0.8
Receivables due after one year	19	3.6	4.6
Total non-current assets		771.8	671.4
Current Assets			
Trade and other receivables	21	21.7	17.9
Inventory		-	0.1
Cash and cash equivalents	22	833.8	748.0
Total current assets		855.5	766.0
Total assets		1,627.3	1,437.4
Liabilities			
Current Liabilities			
Payables – amount falling due within one year	23	300.2	169.6
Lease liability – amounts falling due within one year	24	0.1	0.1
Total current liabilities		300.3	169.7
Payables – amounts falling due after more than one year	23	516.6	552.7
Lease liability – amounts falling due after more than one year	24	0.7	0.8
Total non current liabilities		517.3	553.5
Total liabilities		817.6	723.2
Net assets		809.7	714.2
Capital and reserves			
Capital reserve		809.8	714.3
Revenue reserve		(0.1)	(0.1)
Revaluation reserve		-	-
Total capital and reserves		809.7	714.2

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts. The Accountable Officer authorised these financial statements for issue on the date noted below as the date of signing.



Ronan O'Hara

Chief Executive,
Crown Estate Scotland

03 December 2025

4.4 Cash Flow Statement

For the year ended 31 March 2025

	Note	2024-25 £m	2023-24 £m
Cash generated from operating activities			
Net operating profit – consolidated revenue account		110.5	96.6
Interest income from operating activities		30.4	21.5
(Increase)/decrease in receivables		(2.8)	(1.0)
Increase/(decrease) in payables		(22.9)	(74.4)
Decrease/(increase) in inventory		0.1	(0.1)
Depreciation and impairment		0.1	0.3
Net cash flow from operating activities		115.4	42.9
Cash flows from investing activities			
Capital expenditure on investment properties		(8.5)	(1.8)
Proceeds from disposal of investment properties		1.0	4.3
Purchase of investment properties		(10.3)	-
Purchase of plant and equipment	18	(0.1)	(0.1)
Other capital receipts		1.7	0.5
Net cash flow from investing activities		(16.2)	2.9
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents before Scottish Government Consolidated Fund payment		99.2	45.8
Scottish Government Consolidated Fund payment	14	(13.4)	(19.7)
Increase in cash in the year after Scottish Government Consolidated Fund payment		85.8	26.1
Cash and cash equivalents at start of the year		748.0	721.9
Cash and cash equivalents at end of the year	22	833.8	748.0

4.5 Statement of changes in capital and reserves

For the year ended 31 March 2025

	Note	Revenue Account		Capital Account		Total £m
		Revenue reserve available for distribution to the Scottish Government Consolidated Fund £m	Revenue relating to IFRS 16	Capital Reserve £m	Revaluation Reserve £m	
As at 1 April 2024		-	(0.1)	714.3	-	714.2
Net profit for the financial year		130.8	-	95.5	-	226.3
Introduction of capital		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Revaluation deficit of owner occupied properties		-	-	-	-	-
Total comprehensive profit for the year ended 31 March 2025		130.8	-	95.5	-	226.3
Movement due to IFRS 16		-	-	-	-	-
Due to the Scottish Government Consolidated Fund – paid in year	14	(3.0)	-	-	-	(3.0)
Due to the Scottish Government Consolidated Fund – advance payment made in year	14	(127.8)	-	-	-	(127.8)
As at 31 March 2025		-	(0.1)	809.8	-	809.7

4.6 Notes to the financial statements

1. Basis of preparation

These financial statements have been prepared on a going concern and an accruals basis under the historic cost convention, modified to include investment properties, owner occupied properties and other investments at fair value. They are prepared in accordance with section 34 of the Scottish Crown Estate Act 2019. These accounts have been prepared in compliance with the principles and disclosure requirements of the HM Treasury Financial Reporting Manual (FRM), which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The accounts will, so far as appropriate, comply with the Scottish Public Finance Manual (SPFM) and the accounts directions issued by Scottish Ministers under the Scottish Crown Estate Act 2019.

The particular policies adopted by Crown Estate Scotland are described below. They have been applied consistently in dealing with items that are considered material to the accounts. The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors.

Impact of the Scottish Crown Estate Act 2019 on the financial statements

Crown Estate Scotland is a body corporate regulated by Statute and domiciled in the United Kingdom. The provisions of the Scottish Crown Estate Act 2019, specify certain distinctions between capital and revenue reflecting the Report of the Committee on Crown Lands before the Act was passed, to the effect that Crown Estate Scotland resembles a trust, in which the revenue beneficiary is the Scottish Government Consolidated Fund and the capital is held for His Majesty and His Successors. Sections 28 and 29 of the Scottish Crown Estate Act 2019 require capital and revenue to be distinguished in the accounts and for provision to be made for recovering

capital expenditure from revenue where appropriate and the accounts are prepared on that basis.

Section 30 then specifies that:

- Any sum received by way of premium on the grant of a lease shall be carried to the revenue account if the lease is for a term of 20 years or less and to the capital account if the lease is for a term exceeding 20 years; and
- net earnings from mineral workings shall be split between the capital and revenue account in proportions set out in a direction to Ministers under Scottish Crown Estate Act 2019 section 37(1). The Ministerial Direction this transfer is made under is set out in Appendix 2.

To meet the requirements of the Scottish Crown Estate Act 2019, the movements in comprehensive income are analysed between revenue and capital accounts. The capital account includes profits or losses arising on the sale of investment properties, the realisation of revaluation gains, the income arising on the grant of operating leases over land in exchange for a premium, the charge from revenue for salary costs, and the transfers between the capital and revenue account as required by capital transfer agreements.

Ministerial Direction

The Scottish Crown Estate Act 2019 (Section 29) allows adjustments between revenue and capital specifically for the purposes of recouping capital expenditure out of revenue. As Crown Estate Scotland is restricted in its ability to borrow, capital transfer agreements provide Crown Estate Scotland with a reliable and predictable source of capital. By agreement with the Scottish Ministers (see the Ministerial Direction in Appendix 2), the mechanism by which the revenue account is charged is calculated as an amount equivalent to 13% of the previous year's gross revenue and after taking into account depreciation of plant and equipment.

Changes in accounting policies in year

The financial statements are prepared in accordance with IFRS and Interpretations in force at the reporting date. No financial standards have been adopted during the financial year.

Events after the reporting period

No adjusting events have occurred between the 31 March reporting date and the date of authorisation.

2. Significant accounting policies

2a. Properties

Properties are valued by independent external valuers at the balance sheet date. The valuations have been carried out in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

Fair value measurement of investment property

IFRS 13 requires the use of valuation techniques for which sufficient data are available, maximising the use of observable inputs and minimising the use of unobservable inputs. The degree of detail of the disclosure depends on the observability of the inputs used. For this purpose, IFRS 13 establishes a fair value hierarchy that classifies the inputs into three levels:

- **Level 1:** unadjusted quoted prices in active markets;
- **Level 2:** observable inputs other than quoted prices included within Level 1;
- **Level 3:** unobservable and observable inputs where significant adjustments have been applied.

Investment properties

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties and those in the course of construction are held at fair value. They are valued on the basis of open market value. When Crown Estate Scotland begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such. Marine and mineral assets are valued only where a letting or licence exists, where an entry has occurred, or where an interest is expected

to provide either a revenue cash flow or capital receipt within the foreseeable future.

Investment properties are measured initially at cost, including related transaction costs. Additions to investment properties consist of costs of a capital nature. At the balance sheet date, investment properties are revalued to fair value. Any surplus or deficit arising on revaluing investment properties is recognised in the consolidated capital account.

Investment properties under development

Investment properties under development comprise properties subject to a major programme of redevelopment or development. They are categorised as such from the start of the programme until practical completion.

Owner occupied properties

Any surplus or deficit arising on the revaluation of properties occupied by Crown Estate Scotland is taken to revaluation reserve unless any loss in the period exceeds any cumulative gains previously recognised in the revaluation reserve. In this case the amount by which the loss in the period exceeds the net cumulative gain previously recognised is taken to the consolidated capital account. These properties include a Countryside Rangers' centre on the Glenlivet estate and a work store on the Fochabers estate.

Disposals

Disposals are recognised at the date of legal completion. Profits and losses arising on disposal are recognised through the consolidated capital account. The profit or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period and costs of sale. Properties are transferred between categories at the estimated market value on the date of transfer.

2b. Leases

IFRS 16 "Leases" was implemented from 1 April 2022; this introduced a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below).

For government bodies reporting under the FRoM, IFRS 16 was brought into effect on 1 April 2022 and replaces IAS 17 (Leases).

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right of use') assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of an asset identified in a contract. There are new requirements for variable lease payments such as the Retail Price Index (RPI)/ Consumer Price Index (CPI) uplifts; and there is an accounting policy choice allowable to separate non lease components.

Policy applicable from 1 April 2022

At inception of a contract, Crown Estate Scotland assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Crown Estate Scotland assesses whether:

- the contract involves the use of an identified asset;
- Crown Estate Scotland have the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- the contract involves the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022. At inception or on reassessment of a contract that contains a lease component, Crown Estate Scotland allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

Crown Estate Scotland assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. This is reassessed if there are significant events or changes in circumstances that were not anticipated.

Crown Estate Scotland has elected not to recognise right of use assets and lease liabilities for low value assets.

As a lessee

Right of use assets

Right of use assets and lease liabilities are recognised at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

Crown Estate Scotland applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (HMT).

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the estimates of the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether a purchase, extension or termination option will be exercised.

Lease payments included in the measurement of the lease liability comprise the fixed payments as defined by the lease.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the Statement of Comprehensive Income if the carrying amount of the right of use asset is zero.

Crown Estate Scotland presents the right of use assets that do not meet the definition of investment properties per IAS 40 as right of use assets on the Statement of Financial Position. The lease liabilities are included within lease liabilities within current and non-current liabilities on the Statement of Financial Position.

As a lessor

At the inception of a contract, Crown Estate Scotland assesses whether a contract contains a lease. A contract contains a lease if the contract conveys the right for either Crown Estate Scotland or its customers to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Crown Estate Scotland assesses whether;

- the contract involves the use of an identified asset, which is physically distinct or represents substantially all of the capacity of a distinct asset and there are no substantive substitution rights;

- the contract conveys the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the lessee has the right to direct the use of the asset.

Where Crown Estate Scotland acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, Crown Estate Scotland makes an overall assessment of whether the lease substantially transfers all of the risks and rewards of ownership of the underlying asset to the lessee. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Under the requirements of the Scottish Crown Estate Act 2019, a lease premium received on the grant of a lease with a lease term of 20 years or less is released to revenue in the consolidated revenue account over the life of the lease.

Where a premium is received in exchange for the grant of a long leasehold interest (over 20 years), the premium is taken to deferred income and released to revenue in the consolidated capital account over the life of the lease.

Crown Estate Scotland recognises lease payments under operating leases as income on a straight line basis over the length of the lease terms.

The accounting policies applicable to Crown Estate Scotland as a lessor are largely unchanged by IFRS 16.

IFRS 16

IAS 17 operating leases are included within the Statement of Financial Position as a lease liability and right of use asset for the first time. The calculation of the lease liability and right of use assets is included below.

On adoption of IFRS 16, Crown Estate Scotland recognised lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17 Leases.

2c. Other property, plant and equipment

These assets are stated at cost less accumulated depreciation and are depreciated on a straight-line basis over their estimated useful lives as follows:

- **Vehicles:** 4-10 years depending on the nature of the vehicle
- **Plant and Machinery:** 4-25 years (pontoons are included in this category and have a useful life of 25 years)
- **Computer equipment:** 2-4 years (software included to end of current contract term)
- **Fixtures and Fittings:** 4 years
- **Office equipment:** 4 years

Useful lives and estimated residual values are reviewed annually.

2d. Revenue

Lease and non-lease revenue is recorded net of VAT and only to the extent that the economic benefit is expected to flow to Crown Estate Scotland.

Lease revenue

The determination of income from leases is described in note 2b.

Rental invoices are recognised within the annual accounts at the point of issue providing they relate to this financial year or before. Income is recognised on a straight-line basis over the term of the lease from commencement to the earliest termination date. A liability is recognised for invoices raised in respect of unsatisfied performance obligations and reports these amounts as payables in the Statement of Financial Position (see note 23). A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of the lease commencement to the earliest termination date.

The table below shows the proportion of Crown Estate Scotland's income which arises from leases, the accounting for which is described above.

Total revenue recognised under IFRS 15 (Revenue from Contracts with Customers) is £89.7m (2023-24: £81.3m). Within this option fee revenue is £84.0m (2023-24: £76.4m) and licence revenue from undersea cable, pipelines and interconnectors, and coastal moorings is £5.0m (2023-24: £4.4m).

Revenue breakdown

	2024-25 £m	2023-24 £m
Lease revenue	39.8	31.6
Other revenue from contracts with customers	89.7	81.3
	129.5	112.9

Non lease revenue

Non lease revenue is recognised using a five-step model; identification of the contract, identification of the performance obligations within the contract, determination of the transaction price, allocation of the price to the performance obligations, then revenue is recognised as the performance obligations are fulfilled.

Revenue is recorded net of VAT and only to the extent that economic benefit is expected to flow to Crown Estate Scotland. Invoices are recognised at the point of issue providing they relate to this financial year or before. A liability is recognised for invoices raised in respect of unsatisfied performance obligations and these amounts are reported as payables in the Statement of Financial Position (see note 23).

A disclosure of where Crown Estate Scotland has acted as agent in transactions is disclosed in note 29.

The main different types of non-lease revenue are described below:

- **Licence revenue**

Licence revenue arises primarily from granting customers rights to lay under-sea pipes or cables and granting coastal rights, such as mooring fees. Licences share many of the same terms and attributes as leases, but do not qualify as leases as the asset is not explicitly identified within the contract. Revenue from licences is recognised on a straight-line basis over the term of the licence.

Customers typically pay licence fees before the services are rendered and are primarily commercial organisations that operate across a wide range of sectors.

- **Option fee revenue**

Option fee revenue arises when developers enter into a contract with a right to carry out various investigations / apply for consents. These are often for sea based activities such as offshore wind and undersea cables and pipelines where investigation and consents are needed prior to entering into a lease. There is no interest created in the underlying property, and therefore it is not considered to be a lease. Revenue from option fees is recognised on a straight-line basis over the option period. Customers typically pay option fees before the service is rendered.

- **Forestry revenue**

Forestry revenue arises from the sale of timber that has been felled, sold, and removed from site, so the ownership has passed to the purchaser from Crown Estate Scotland.

- **Service charge**

Crown Estate Scotland incurs certain costs in relation to properties which are occupied by its customers which, as is common with commercial leases, are recharged to its customers. Service charge income is reported separately as it represents a separate performance obligation.

Service charge income is recognised as associated costs are incurred.

- **Other income including royalty income**

Royalty income is received in return for the extraction of minerals and aggregates from the land and seabed by customers or their agents. Royalty income is recognised as the minerals are extracted and is invoiced in arrears. Contracts, performance obligations, and prices relating to performance obligations are clearly defined in writing and revenues are received as performance obligations are met.

2e. Taxation

Crown Estate Scotland is not subject to corporation, Land Building and Transaction, income or capital gains tax. The revenue profit is paid to the Scottish Government Consolidated Fund and will be used for the benefit of the taxpayer.

2f. Cash and cash equivalents

Crown Estate Scotland operates a number of bank accounts, ensuring separation of revenue and capital funds. This arrangement is allowable under the Crown Estate Scotland Order 2017.

Included within Crown Estate Scotland's cash and cash equivalent balance are amounts on short term bank deposit. These are classified as such because the deposits are deemed to be low risk, are for a period less than year and have a definite end point and value at maturity. Crown Estate Scotland is holding the funds for cash management.

2g. The Civil Servants and Others Pension Scheme (alpha)

The alpha pension scheme is an unfunded multi-employer defined benefit scheme. Crown Estate Scotland is unable to identify its share of the underlying assets and liabilities and as such has accounted for the schemes as defined contribution schemes. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

2h. Financial instruments

The only financial assets held are trade and other receivables and finance lease receivables. The only financial liabilities held are trade and other payables. Crown Estate Scotland considers that the carrying amount of its financial assets and liabilities are a reasonable approximation of their fair value.

Trade receivables are initially measured at transaction price, The IFRS9 simplified model of recognising expected credit losses is applied as these items do not have a significant financing component. In measuring the expected credit losses, trade receivables have been assessed individually with the loss rate based on the expected outcome for each item. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. This is determined on an individual basis (see note 21).

3. Significant judgements, key assumptions and estimates

3a. Property valuations

Investment properties and owner occupied properties are shown at fair value in accordance with valuations carried out by independent valuers. Valuations are based on a number of key assumptions including an estimate of future rental income.

Crown Estate Scotland commissions independent valuations of its assets on an annual basis. A total of 10 individual valuations of asset types are carried out. All such valuations are conducted by independent, registered valuers, in strict accordance with Royal Institute of Chartered Surveyors 'Valuation – Global Standards' (RICS Red Book) requirements.

For illustrative purposes, a 10% change in valuation would be expected to have a £76.9m impact on the Statement of Financial Position.

3b. Option fee revenue

Option fee revenue is accounted for under IFRS 15 Contracts for customers. A review was carried out during 2022-23 and it was judged that these contracts do not meet the criteria to be accounted for as leases (under IFRS 16) including the option holder not obtaining use of the underlying asset for the period of the option. Accounting under IFRS 15 is therefore the most appropriate standard.

As the obligations on Crown Estate Scotland are judged to be spread evenly over the life of the option, revenue is recognised evenly over the life of the option. It is noted that the determination of IFRS 15 over IFRS 16 does not have a significant impact on the timing of revenue recognition over the life of the option.

4. Changes in accounting policies not yet adopted

There are no new standards, amendments or interpretations issued but not adopted in the 2024-25 financial year.

5. Segmental Analysis

Business segmental analysis

All Crown Estate Scotland's operations are in Scotland and are currently organised into five operating divisions. The divisions are: Rural, Coastal, Marine, Urban and Corporate. These divisions are the basis on which Crown Estate Scotland monitors its operations and upon which decisions are made by the Board.

Revenue Account

							Year ended 31 March 2025	Year ended 31 March 2024
	Note	Rural £m	Coastal £m	Marine £m	Urban £m	Corporate £m	Total £m	Total £m
Rent and royalties	6	3.3	6.3	34.3	1.1	-	45.0	35.9
Produce	6	0.3	-	-	-	-	0.3	0.2
Other income	6	0.3	-	83.7	-	-	84.0	76.6
Revenue (excluding service charge revenue)		3.9	6.3	118.0	1.1	-	129.3	112.7
Service Charge	6	-	-	-	0.2	-	0.2	0.2
Revenue – as reported		3.9	6.3	118.0	1.3	-	129.5	112.9
Direct costs:								
Management fees and costs	7	(2.1)	(1.1)	(0.6)	(0.1)	-	(3.9)	(2.9)
Repairs and maintenance	7	(3.4)	(0.2)	-	(0.1)	-	(3.7)	(3.7)
Other direct expenditure	7	(1.6)	(0.1)	(1.9)	(0.2)	-	(3.8)	(3.0)
Service charge	7	-	-	-	(0.5)	-	(0.5)	(0.3)
Total direct costs		(7.1)	(1.4)	(2.5)	(0.9)	-	(11.9)	(9.9)
Gross profit/(loss)		(3.2)	4.9	115.5	0.4	-	117.6	103.0
Indirect costs:								
Administrative expenses	8	(0.1)	-	(1.2)	-	(8.3)	(9.6)	(7.3)
Total indirect costs		(0.1)	-	(1.2)	-	(8.3)	(9.6)	(7.3)
Operating profit/(loss)		(3.3)	4.9	114.3	0.4	(8.3)	108.0	95.7
Interest income	10	-	-	-	-	33.1	33.1	22.7
Net operating profit/(loss) before depreciation, capital transfer agreements and Statutory transfers		(3.3)	4.9	114.3	0.4	24.8	141.1	118.4
Depreciation of right to use asset	20	-	-	-	-	(0.1)	(0.1)	(0.1)
Depreciation of tangible fixed assets	18	-	-	-	-	(0.1)	(0.1)	(0.2)
Net operating profit/(loss) before capital transfer agreements and Statutory transfers		(3.3)	4.9	114.3	0.4	24.6	140.9	118.1
Recovery of capital expenditure under the Scottish Crown Estate Act 2019	11	-	-	-	-	(9.8)	(9.8)	(4.7)
Statutory transfers	11	-	-	-	-	(0.3)	(0.3)	(0.2)
Net revenue account profit/(loss) distributed to the Scottish Government Consolidated Fund		(3.3)	4.9	114.3	0.4	14.5	130.8	113.2

Capital Account

							Year ended 31 March 2025	Year ended 31 March 2024
	Note	Rural £m	Coastal £m	Marine £m	Urban £m	Corporate £m	Total £m	Total £m
Income from sale or leases	6	-	-	0.4	-	-	0.4	0.4
Charge from revenue account for salary costs	9	(0.4)	-	(0.4)	-	-	(0.8)	(0.7)
Net revaluation gains on investment property (including profit/(loss) on disposal)	12	(2.7)	4.1	84.7	(0.3)	-	85.8	15.7
Capital profit before capital transfer agreements		(3.1)	4.1	84.7	(0.3)	-	85.4	15.4
Recovery of capital expenditure under the Scottish Crown Estate Act 2019	11	-	-	-	-	9.8	9.8	4.7
Other capital transfers	11	-	-	-	-	0.3	0.3	0.2
Net capital account profit		(3.1)	4.1	84.7	(0.3)	10.1	95.5	20.3

Consolidated Statement of Financial Position

							Year ended 31 March 2025	Year ended 31 March 2024
	Note	Rural £m	Coastal £m	Marine £m	Urban £m	Corporate £m	Total £m	Total £m
Non-current assets:								
Investment properties	15	157.4	51.0	545.8	12.8	-	767.0	665.5
Owner occupied property	16	0.1	-	-	-	-	0.1	0.1
Plant and equipment	18	0.1	0.2	-	-	0.1	0.4	0.4
Right of use asset	20	-	-	-	-	0.7	0.7	0.8
Receivables due after one year	19	0.1	-	3.5	-	-	3.6	4.6
Total non-current assets		157.7	51.2	549.3	12.8	0.8	771.8	671.4
Unallocated current assets							855.5	766.7
Unallocated liabilities							(817.6)	(723.9)
Net assets							809.7	714.2
Acquisitions and capital expenditure	15	7.3	5.6	0.7	5.2	-	18.8	3.1

6. Revenue

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Revenue account		
Rent and royalties	44.9	35.9
Produce	0.3	0.2
Other income	84.1	76.6
Revenue (excluding service charge revenue)	129.3	112.7
Service Charge	0.2	0.2
Revenue – as reported	129.5	112.9
Capital account revenue		
Revenue – amortisation of income from grant of lease premia	0.4	0.4

7. Costs

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Management fees and costs	3.9	2.9
Repairs and maintenance	3.7	3.7
Other direct expenditure	3.8	3.0
Administrative expenses (see note 8)	9.6	7.3
Costs (excluding service charge expenses)	21.0	16.9
Service charge	0.5	0.3
Total costs reflected in revenue account	21.5	17.2

8. Administrative Expenses

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Members' remuneration	0.1	0.1
Management and administration expenses	9.5	7.2
	9.6	7.3

Auditors' remuneration of £82,890 (2023/24: £80,857) is included within Management and administration expenses. This is split between internal audit, £28,699 (2023/24: £27,199), and external audit, £54,190 (2023/24: £53,658). 2024-25 audit fee per the Annual Audit plan was £54,880. 2023-24 audit fee per the Annual Audit plan was £53,830, accompanied by a rebate of £690 therefore the fee disclosed is the net position. Fees paid to internal auditors during 2024/25 for non-audit services £Nil (2023/24 £Nil).

9. Staff Costs

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Wage and salaries	5.4	4.3
Social security costs	0.6	0.5
Pension costs	1.5	1.2
Agency Staff	0.6	-
Total staff costs	8.1	6.0
Less staff costs charged to capital account	(0.8)	(0.7)
Staff costs reflected in the revenue account	7.3	5.3
Included in:		
Administrative expenses	4.2	3.0
Direct costs	3.1	2.3
Charged to the capital account	0.8	0.7
	8.1	6.0
	Number	Number
The average number of employees (including agency staff) during the year	92	77

A full analysis of these costs is included in the Remuneration Report.

10. Interest Income

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Bank interest receivable	33.1	22.7
Interest income	33.1	22.7

11. Capital recovery under capital transfer agreements under the Scottish Crown Estate Act 2019

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
By agreement with the Scottish Ministers the income account is charged with an amount as disclosed in note 1		
Total recovery of capital expenditure	9.8	4.7
Transfer in respect of mines / minerals earnings	0.3	0.2
Total recovered under capital transfer agreements	10.1	4.9

12. Net revaluation gains in property and investments (including profit/(loss) on disposal)

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Reflected in the capital account:		
Surplus on revaluation of investment properties	85.7	10.7
Adjustment for gross up for deferred rent movement	(0.4)	(0.4)
Gain on disposal of investment properties	0.5	5.4
Net revaluation gains on investment property (including profit/(loss) on disposal)	85.8	15.7

13. Financial Instruments

Under IFRS 7 “Disclosure & Presentation of Financial Instruments”, we are required to disclose information about the significance of financial instruments held over the year and the nature and extent of risks arising from those financial instruments. We are not exposed to the degree of financial risk faced by other business entities because of the way we are funded. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing us in undertaking our activities.

IFRS 9 was brought into effect on 1 January 2018 and replaces IAS 39. The only financial assets held are trade and other receivables, and finance lease receivables. Crown Estate Scotland has no financial liabilities except trade and other payables and finance lease liabilities.

IFRS 9 does not apply to finance lease receivables or liabilities which are subject to IFRS 16.

Trade receivables are measured at transaction price, utilising the exception for trade receivables which are not subject to a material finance element. Expected credit losses are calculated using the simplified approach.

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Long term receivables (note 19)	3.6	4.6
Trade receivables (note 21)	8.8	5.2
Other receivables (note 21)	0.1	0.2
Accrued income (note 21)	12.4	10.8
Cash and Cash Equivalents (note 22)	833.8	748.0
	858.7	768.8

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Long term payables (note 23)	516.6	552.7
Trade payables (note 23)	0.7	0.2
Deferred income on grant of lease premia (note 23)	0.3	0.4
Rents and other income received or invoiced in advance (note 23)	90.1	80.2
Accrued expenditure (note 23)	4.4	2.3
Due to the Crown Estate Commissioners (note 23)	0.1	0.1
	612.2	635.9

Liquidity risk

Crown Estate Scotland is self-financing and a net contributor to the Scottish Government Consolidated Fund. Crown Estate Scotland's input to budget and outturn reporting is restricted to the amount of net profit contribution and the timing of payments to the Scottish Government. As a public organisation, and in accordance with the Scottish Crown Estate Act 2019, Crown Estate Scotland can request to borrow finances from the Scottish Government if required. Crown Estate Scotland's exposure to liquidity risks is therefore limited.

Fair values

Assets and liabilities are carried at fair value based on amortised cost in the balance sheet. All short-term financial assets and liabilities are classified as Level 1 within the value hierarchy as defined within IFRS 13. The long-term payable is classified as Level 3, and all investment properties are classified as Level 3 within the value hierarchy as defined within IFRS 13 (see note 17).

14. Scottish Government Consolidated Fund Payment

In accordance with section 1 of the Civil List Act 1952, the payment of hereditary revenues from Scottish assets is to be paid into the Scottish Government Consolidated Fund. In 2024-25, £13.4m was paid to the Scottish Government prior to the year-end, with £3.0m relating to 2024-25 and £10.4m relating to 2023-24. During 2024-25, net revenues were £130.2m meaning £202.9m is included in payables. In 2023-24, £19.7m was paid to the Scottish Government prior to the year-end, with £5.5m relating to 2023-24 and £14.2m relating to 2022-23. During 2023-24, net revenues were £113.2m, meaning £86.2m was included in payables.

As noted in Note 2d Crown Estate Scotland accounts for option fees under IFRS 15 and recognises revenue on a straight-line basis over the option period. In 2024-25 no funds have been transferred ahead of being earned (2023-24; nil).

During 2022-23 Crown Estate Scotland received 755.1m from the payment of ScotWind option fees. During 2024-25 Crown Estate Scotland received £55.1m from the payment of INTOG option fees. The table below presents a breakdown of the source of funds transferred in 2024-25 and 2023-24 between ScotWind/INTOG and non-ScotWind/INTOG sources.

	2024-25 £m	2023-24 £m
Total comprehensive revenue account profit	130.8	113.2
Gross ScotWind/INTOG ¹⁹	114.9	97.2
Scotwind covered expenditure	(5.0)	-
Other net revenue surplus	20.9	16.0
	130.8	113.2
Monies paid to Scottish Government Scottish consolidated fund		
of which gross ScotWind/INTOG monies	-	-
of which other net revenues	13.4	19.7
	13.4	19.7
Cumulative position		
ScotWind/INTOG monies earned – payable to Scottish Government Scottish Consolidated fund	(185.6)	(75.7)
Other net revenues earned – payable to Scottish Government Scottish Consolidated fund	(17.9)	(10.5)
Monies (payable to) / advance payment made to the Scottish Government Scottish Consolidated fund	(203.5)	(86.2)

¹⁹ note: includes gross turnover and interest income associated with both ScotWind and INTOG

15. Investment Properties

Portfolio	Rural £m	Coastal £m	Marine £m	Urban £m	Corporate £m	Total £m
Fair value at 1 April 2024	153.7	42.6	461.0	8.2	-	665.5
Acquisitions	-	5.5	-	4.8	-	10.3
Capital expenditure	7.3	0.1	0.7	0.4	-	8.5
Capital receipts	(0.1)	(1.1)	-	-	-	(1.2)
Disposals	(0.7)	(0.5)	-	-	-	(1.2)
Revaluation	(2.8)	4.4	84.5	(0.6)	-	85.5
At closing valuation	157.4	51.0	546.2	12.8	-	767.4
Deferred income from lease premia received	-	-	(0.4)	-	-	(0.4)
Fair value at 31 March 2025	157.4	51.0	545.8	12.8	-	767.0

Included in deferred income from lease premia received is £381,711 (2023-24: £380,198), amortised in accordance with the provisions of the Scottish Crown Estate Act 2019 (section 30).

All investment properties are classified as Level 3 within the value hierarchy as defined within IFRS 13. Level 3 inputs used in valuing the properties are those which are unobservable and observable inputs where significant adjustments have been applied to determine specific property valuations, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

The property portfolio was valued on 31 March 2025 by independent accredited external valuers with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuation methods used are in accordance with RICS and those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13. More information about the fair value measurement is set out in note 17.

16. Owner occupied property

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Fair value at opening	0.08	0.08
Fair value closing	0.08	0.08

Owner occupied properties are classified as Level 3 within the value hierarchy as defined within IFRS 13. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly, i.e. as prices, or indirectly, i.e. derived from prices).

The property was valued on 31 March 2025 by Strutt & Parker, independent accredited external valuers with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment property being valued. The valuation methods used are in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13. Information about the fair value measurement of owner occupied properties is set out in note 17.

17. Fair value measurement of properties

For all investment property that is measured at fair value, the current use of the property is considered the highest and best.

Valuation process

The entire portfolio is valued on an annual basis by independent and qualified valuers on a fair value basis in accordance with IFRS 13, the RICS valuation - Global Standards 2017 - UK national supplement published by the RICS (the RICS Red Book) and VGPA 1 guidance therein regarding Valuation for inclusion in financial statements. Crown Estate Scotland provides data to the valuers, including current lease and tenant data along with asset specific business plans. The valuers use this and other inputs, including market transactions for similar properties, to produce valuations. These valuations and the assumptions they have made are then discussed and reviewed with the asset management team, and the senior management team. The annual valuation is presented to and is endorsed by the Investment Committee.

Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the consolidated balance sheet. All are considered as Level 3 in the fair value hierarchy.

Class of property	Fair value at 31 March 2025 £m	Predominant valuation technique	Key observable inputs	Range	Principal valuer
Rural and Coastal portfolio:					
Agricultural (including Development Land)	107.7	Investment/ Comparable	Market value as a proportion of vacant possession Yield	51.7% 2%-50%	Strutt & Parker
Coastal	51.0	Investment	Yield	8.25%-15.0%	Savills
Forestry	46.5	Comparable	Land and timber value	£5,583-£15,008 (Timber Av £ p Ha)	Strutt & Parker
Minerals	3.3	Investment	Yield	8%-15%	Wardell Armstrong
	210.7				
Marine portfolio:					
Renewables – Offshore Wind	422.2	Investment/DCF	Yield/ Discount rates	5.25%-26%	Jones Lang LaSalle
Renewables – Wave & Tidal and Carbon Capture & Storage	0.6	DCF	Discount rates	10%-27.5%	Powis Hughes
Cables & Pipelines	39.7	Investment	Yield	5.5%-12%	Powis Hughes
Aquaculture	83.3	Investment	Yield	15.73%-21.23%	Savills
	545.8				
Urban portfolio:					
Offices	3.2	DCF	Yield ERV	7-7.25% £20-24 psf	Graham & Sibbald
Retail	5.1	DCF	Yield ERV	6% £183 psf ZA	Graham & Sibbald
Other	4.5	DCF	Yield	5.8%-7%	Graham & Sibbald
	12.8				
Total all portfolios at valuation	767.1				

Owner occupied property valued at £0.1m is included in Agricultural properties and valued on a vacant possession basis.

The fair value of investment property is determined using the following valuation methods:

Investment Method

The Investment Method has been used which involves estimating the rental value of each lettable unit within the property, making an assessment of void periods and other costs of letting and then capitalising at an appropriate rate. Hope value has been included where there is future reversionary potential, e.g. conversion of property for an alternative use.

Discounted cash flow (DCF)

This involves the projection of cash flows to which an appropriate market-derived discount rate, and an attrition rate if appropriate, is applied to establish the present value of the income stream.

Comparable method

An indication of value arrived at by comparing information of the subject asset with similar assets for which valuation data is available.

Wind farms

Each current and proposed wind farm has been valued individually using the Investment Method. Separate calculations have been run on each element of rental income (ie the minimum rent and top up rent) applying a range of yield and discount factors depending on the specifics of the project. As a cross check, a discounted cash flow has been undertaken with appropriate discount rates for the differing stages of the development process. Both valuation methods take account of the different leasing and rental structures used for each of the development rounds e.g. Round 1, STW, Test & Demonstration and Round 3.

Strategic land

Hope value for strategic land is not included in the fair value reported for the portfolio. The land is included at existing use value.

Properties being redeveloped

The Residual Method has been adopted which involves calculating the potential value when the property has been completed (using the Investment Method) and then deducting the cost to complete the construction, achieve lettings and appropriate allowances for profit to compensate for the risk of carrying out the development.

Rural and residential properties

These are generally valued using the Comparable Method and cross checked with the Investment Method.

Sensitivity analysis

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy of the investment property are:

- Estimating the rental value of each lettable unit with evidence derived from other recent lettings in the property itself or similar properties nearby, making adjustments for size, specification, location and letting incentives.
- Estimating the length of time taken and the cost to let vacant space and the likelihood of lease renewals.
- Deciding the appropriate capitalisation rate to be applied derived from transactions of comparable properties.
- Choosing the appropriate discount rate to vacant possession value for differing lengths and types of tenure on rural and residential tenancies.
- For property under development the assessment of the value created on completion and the allowance for construction and letting costs to achieve that.
- Inclusion of hope value for a higher value use (e.g. strategic land and properties with potential for residential conversion) dependent upon the likelihood, time and cost of achieving that use.
- Allowance for the level of volatility on turnover related valuations e.g. aggregates, minerals and aquaculture.
- Assessment of functional lifespan of offshore assets e.g. cables and pipelines.
- Assessing the appropriate discount rate for offshore wind farms from site exclusivity through to a generating wind farm.

Significant increases/(decreases) in the ERV would result in a higher/(lower) fair value measurement.

Significant increases/(decreases) in the long-term vacancy rate (or yield) would result in a lower/(higher) fair value measurement.

Crown Estate Scotland commissions independent valuations of its assets on an annual basis. A total of 10 individual valuations of asset types are carried out. All such valuations are conducted by independent, registered valuers, in strict accordance with Royal Institute of Chartered Surveyors 'Valuation – Global Standards' (RICS Red Book) requirements.

For illustrative purposes, a 10% change in valuation would be expected to have a £76.9m impact on the Statement of Financial Position.

18. Plant and equipment

2024-25	Plant and machinery £m	Office equipment £m	Computer equipment £m	Fixtures & fittings £m	Motor vehicles £m	Total £m
Cost at 1 April 2024	0.5	-	0.5	0.2	0.1	1.3
Additions	-	-	0.1	-	-	0.1
Disposals	-	-	(0.1)	-	-	(0.1)
Cost at 31 March 2025	0.5	-	0.5	0.2	0.1	1.3
Depreciation at 1 April 2024	0.2	-	0.4	0.2	0.1	0.9
Charge	0.1	-	-	-	-	0.1
Disposals	-	-	(0.1)	-	-	(0.1)
Total depreciation at 31 March 2025	0.3	-	0.3	0.2	0.1	0.9
Net book value at 31 March 2024	0.3	-	0.1	-	-	0.4
Net book value at 31 March 2025	0.2	-	0.2	-	-	0.4

2023-24	Plant and machinery £m	Office equipment £m	Computer equipment £m	Fixtures & fittings £m	Motor vehicles £m	Total £m
Cost at 1 April 2023	0.5	-	0.4	0.2	0.1	1.2
Additions	-	-	0.1	-	-	0.1
Disposals	-	-	-	-	-	-
Cost at 31 March 2024	0.5	-	0.5	0.2	0.1	1.3
Depreciation at 1 April 2023	0.2	-	0.3	0.1	0.1	0.7
Charge	-	-	0.1	0.1	-	0.2
Disposals	-	-	-	-	-	-
Total depreciation at 31 March 2024	0.2	-	0.4	0.2	0.1	0.9
Net book value at 31 March 2023	0.3	-	0.1	0.1	-	0.5
Net book value at 31 March 2024	0.3	-	0.1	-	-	0.4

19. Receivables due after one year

	As at 31 March 2025 £m	As at 31 March 2024 £m
Other receivables	3.6	4.6

20. Right of use asset

	As at 31 March 2025 £m	As at 31 March 2024 £m
Net book value		
At 31 March	0.8	0.9
Depreciation for the period	(0.1)	(0.1)
At 31 March	0.7	0.8

21. Trade and other receivables

	As at 31 March 2025 £m	As at 31 March 2024 £m
Trade receivables	8.8	5.2
Other receivables	0.1	0.2
VAT receivable	-	0.7
Prepayments	0.4	1.0
Accrued Income	12.4	10.8
	21.7	17.9

Trade and other receivables are shown after deducting provisions for bad and doubtful debts of £496,465 (£462,674 in 2023-24). The trade receivable impairment reflects the application of Crown Estate Scotland's judgement in respect of bad and doubtful receivables.

The Board considers that the carrying amount of the trade and other receivables approximates to their fair value. During the year debts of £2,299 were written off (2023-24: £5,585).

Receivables from contracts with customers as at 31 March 2025 was £0.5m (as at 31 March 2024: £0.2m). Accrued income arising from contracts with customers as at 31 March 2025 was £0.4m (£0.1m as at 31 March 2024). It is expected all will be invoiced within 9 months of the year end (31 March 2024: 9 months).

22. Cash and Cash Equivalents

	£m
Balance as at 1 April 2024	748.0
Net change in cash and cash equivalents	85.8
Balance as at 31 March 2025	833.8
The following balances were held within:	
Revenue account	783.2
Capital account	50.6
Balance as at 31 March 2025	833.8
The following balances were held as:	
Instant access	94.4
Term deposit (all in revenue accounts)	739.4
Balance as at 31 March 2025	833.8

23. Payables

	As at 31 March 2025 £m	As at 31 March 2024 £m
Amounts falling due within one year:		
Trade payables	0.7	0.2
Rent and other income received or invoiced in advance	90.1	80.2
Other taxes payable	0.2	0.2
VAT payable	0.9	-
Due to the Crown Estate Commissioners	0.1	0.1
Due to the Scottish Government Consolidated Fund	203.5	86.2
Accrued expenditure	4.5	2.3
Deferred income on grant of lease premia	0.3	0.4
	300.2	169.6
Amounts falling due after more than one year:		
Deferred income on grant of lease premia	17.1	17.3
Rent and other income received or invoiced in advance	499.5	535.4
	516.6	552.7

The Crown Estate Transfer Scheme 2017 transferred the existing Scottish functions of the Crown Estate to Crown Estate Scotland on 1 April 2017 from the Crown Estate Commissioners. The Scheme included provisions for the accounting of income and expenditure between the transferor and transferee. As at 31 March 2025, £0.1m (31 March 2024: £0.1m) was outstanding to the Crown Estate Commissioners.

During the year to 31 March 2025, Crown Estate Scotland received lease premium of £0.05m on long leases over 20 years in length (31 March 2024: £0.03m). In line with the requirements of the Scottish Crown Estate Act 2019, this is being amortised over the length of the leases.

For clarity the rent and other income received or invoiced in advance balance includes all revenue income, including option fees. Revenue relating to the capital account remains in the deferred income balance.

Within the £90.1m rent and other income received or invoiced in advance to be recognised within 12 months of the balance sheet date (as at 31 March 2024: £80.2m), £87.0m related to income from contracts with customers (as at 31 March 2024: £78.5m). Within the £499.5m rent and other income received or invoiced in advance falling due after one year of the balance sheet date (as at 31 March 2024: £535.4m), £499.5m (as at 31 March 2024: £535.4m) related to contracts with customers.

Deferred income on grant of lease premiums relates to leases over 20 years and is recognised in the capital account.

The aggregate value of performance obligations for contracts with customers not fully satisfied as at year end is shown in the table below.

	As at 31 March 2025 £m	As at 31 March 2024 £m
0-1 year	88.4	79.9
1-5 years	351.4	317.6
>5 years	269.7	309.1
Total	709.5	706.6

24. Lease liability

Total future lease payments under leases are given in the table below.

	As at 31 March 2025 £m	As at 31 March 2024 £m
At 31 March	0.9	1.0
Amounts paid	(0.1)	(0.1)
Discount unwind	-	-
At 31 March	0.8	0.9
Current	0.1	0.1
Non-current	0.7	0.8
Total	0.8	0.9

25. Leasing

Operating leases with tenants

Crown Estate Scotland leases out the majority of its investment properties for average lease terms of 24.3 years to expiry (2023-24: 24.5 years). Crown Estate Scotland has classified these leases as operating leases because the leases do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The undiscounted future aggregate minimum rentals, excluding contingent rents receivable under non-cancellable operating leases are as follows.

	As at 31 March 2025 £m	As at 31 March 2024 £m
Less than one year	6.1	5.9
Between one and five years	18.9	18.6
More than five years	166.0	162.4
	191.0	186.9

Crown Estate Scotland has no obligations under finance leases. Contingent rents receivable were £31.1m at 31 March 2025 (2023-24 £23.6m).

26. Capital Commitments

At 31 March 2025, capital expenditure of £1.5m had been authorised but not yet committed (2023-24: £1.7m).

27. Contingent Liabilities

As part of the ordinary course of business Crown Estate Scotland receives and deals with claims relating to some of the crown assets it manages. Based on the information available it is not considered that resolution of any of these claims will give rise to any material liabilities.

28. Related Party Transactions

Certain Board members hold posts, or have interests, in other organisations with which Crown Estate Scotland transacts. The table below sets out details of the related parties and the transactions undertaken during the period to 31 March 2025.

Member	Organisation	Position held	Amounts receivable by Crown Estate Scotland		Amounts payable by Crown Estate Scotland		Nature of transaction
			2024-25 £	2023-24 £	2024-25 £	2023-24 £	
Amanda Bryan ²⁰	Highlands and Islands Enterprise	Board Member	n/a	1,400	n/a	-	Rental income
Michael Foxley ²¹	University of Highlands and Islands	Board Member of UHI North, West and Hebrides	-	-	-	5,000	Donation expenditure
	MOWI	Son employee ²²	-	209,659	-	-	Rental income
Jean Lindsay	Revenue Scotland	Non-Executive Director	-	-	-	-	Land & Buildings Transaction Tax (LBTT) ²³
Robert Mackenzie	Ferguson Marine (Port Glasgow) Limited	Director ²⁴	n/a	1,340	n/a	-	Rental Income
Katerina Brown	The National Trust for Scotland	Chief Operating Officer ²⁵	90	630 ²⁶	-	-	Rental Income
	Historic Environment Scotland	Chief Executive ²⁷	375	n/a	-	n/a	Rental Income
Ailsa Raeburn	Highlands and Islands Enterprise	Board Member	18,160	13,300	-	-	Rental Income
			-	-	-	2,438	Rental expenditure
Ronan O'Hara	Royal Institution of Chartered Surveyors UK & Ireland	Board Member	-	-	-	3,846	Training

²⁰ Board member left 30 June 2023. Transactions to this date shown in 2023-24

²¹ Board Member stepped down 30 August 2024. Transactions presented to that date.

²² Left June 2023

²³ Crown Estate Scotland is exempt from paying LBTT and therefore did not pay any on the 3 assets acquired in the year to 31 March 2025 (no assets acquired in the year to March 2024)

²⁴ Resigned 31 October 2023

²⁵ resigned from post in September 2024 transactions shown to this date

²⁶ £1,100 outstanding at 31 March 2024, of which £600 was provided for

²⁷ Joined 16 September 2024. Transactions from this date shown in 2024/25

Crown Estate Scotland is a public body, classified as a public corporation with a trading nature, answerable to the Scottish Parliament through Scottish Ministers. In accordance with section 1 of the Civil list Act 1952, the payment of hereditary revenues from Scottish assets is to be paid into the Scottish Government Consolidated Fund. See note 14 for further details.

During the period to 31 March 2025, £543,321 (2023-24: £219,064) was payable by Crown Estate Scotland to the Marine directorate within Scottish Government, who are responsible for sponsoring Crown Estate Scotland. As at 31 March 2025, £328,500 was outstanding (2023-24: £50,000).

29. Agency Transactions

During 2023-24 Crown Estate Scotland acted as an agent on behalf of the Scottish Offshore Wind Energy Council (SOWEC) and the Collaborative Framework Working Group (CFWG, the predecessor of the SIM Group) to pay for Strategic Investment Model (SIM) programme management services on behalf of the group. More information is given on the SIM here <https://www.offshorewindscotland.org.uk/the-scottish-offshore-wind-industry/sowec/sim/>.

This arrangement was considered to be an Agency and principal agreement. Crown Estate Scotland, through being a participant of the CFWG, is considered to be a principal to the transaction to the extent of its contribution to the programme. This contribution is accounted for as operational expenditure and not disclosed here. Crown Estate Scotland is considered to be an agent to the remainder of the transaction since CES has no control of the service being provided to the CFWG by the appointed SIM programme manager other than to the extent of its own involvement as a CFWG member. Crown Estate Scotland does not have the primary responsibility for fulfilling the contract to provide the service to the CFWG and has no risk or price control over it. This means that Crown Estate Scotland acted as agent only for this part of the transaction and the expenditure incurred and reimbursements from the CFWG partners are not included in Crown Estate Scotland's income or expenditure statement.

During 2024-25 expenditure of £0.1m was incurred in providing this service (2023-24 £0.4m), and £0.1m (2023-24 £0.4m) was invoiced to other parties. As at 31 March 2025 gross debtors of £0.1m are recorded on the Crown Estate Scotland balance sheet (2023-24 £0.1m).

30. Third party deposits

At 31 March 2025, Crown Estate Scotland held £37.2m of tenant deposits on behalf of third parties (2023-24: £57.0m).

31. Events after the reporting period

No adjusting events have occurred between the 31 March reporting date and the date of authorisation.

5 Appendices

Appendix 1



Crown Estate Scotland

DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in accordance with section 34 of the Scottish Crown Estate Act 2019, hereby give the following direction:

1. The statement of accounts for the financial year ended 31 March 2021, and subsequent years shall, subject to schedule 1, comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual which is in force for the period for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year of Crown Estate Scotland in the exercise of its functions.
3. This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Scottish Ministers

Dated: 12 March 2021

Appendix 2



Crown Estate Scotland

DIRECTION GIVEN UNDER SECTION 37(1) OF THE SCOTTISH CROWN ESTATE ACT 2019

1. The Scottish Ministers, in exercise of their powers conferred by section 37(1) of the Scottish Crown Estate Act 2019, give the following direction:

The Scottish Ministers direct as follows:

2. This Direction applies to Crown Estate Scotland.

Transfer of sums between income and capital accounts

3. Crown Estate Scotland ("CES") may transfer a sum of money from their income account to their capital account in the financial year ended 31 March 2024 and in the financial year ended 31 March 2025, as provided for in section 29 of the Act. The sum that may be transferred in each of those years is to be calculated as 13% of the previous financial year's gross revenue, after taking into consideration current year depreciation of plant and equipment. This will include interest income on CES capital and revenue accounts, but will exclude service charge income.
4. CES are not permitted to include revenue from ScotWind or INTOG leasing rounds or interest earned from that revenue as part of any transfer of funds from their income account to their capital account in the financial year ended 31 March 2024 and in the financial year ended 31 March 2025, unless otherwise directed in writing by the Scottish Ministers.
5. For the avoidance of doubt, Section 3 and 4 of this Direction are applicable only for the two financial years specified above. Any statutory transfer for future financial years will be set out in any future directions as determined by Scottish Ministers.

Treatment of certain sums

6. The gross annual income received, and any expenses incurred, by CES, from or in connection with mining leases or the working of mines or minerals shall be carried or charged as one half to the capital account and one half to the income account.

16 October 2023

Appendix 3

Crown Estate Scotland

DIRECTION GIVEN UNDER SECTION 37(1) OF THE SCOTTISH CROWN ESTATE ACT 2019

The Scottish Ministers, in exercise of the power conferred by section 37(1) of the Scottish Crown Estate Act 2019, give the following direction:

1. This Direction applies to Crown Estate Scotland ("CES").
2. This Direction should be read in conjunction with any other Directions issued by the Scottish Ministers, and, for the avoidance of doubt, the transfers authorised under this Direction are in addition to any transfers authorised under previous Directions issued by the Scottish Ministers to CES.

Transfer of sums between income and capital accounts

3. Pursuant to an agreement CES intends to enter into in respect of the potential purchase of land on the Cromarty Firth ("the Property"), CES may make payments which require the transfer of funds from CES's income account to CES's capital account. Accordingly, the Scottish Ministers direct that potential sums up to a total of £5,000,000 may be transferred from CES's income account to CES's capital account, in accordance with section 29(2) of the Scottish Crown Estate Act 2019.
4. In the event that CES purchases the land, the Scottish Ministers further direct that all future rents arising during the CES period of ownership of the Property, may be transferred from CES's income account to CES's capital account on an annual basis.
5. For the avoidance of doubt, this Direction will apply to transfers only for the limited reasons outlined above and will cease to apply in the event that negotiations and/or agreements between CES and third parties in respect of the Property are terminated.

Signed

Dated



20TH DECEMBER 2023

Appendix 4



Crown Estate Scotland

DIRECTION GIVEN UNDER SECTION 37(1) OF THE SCOTTISH CROWN ESTATE ACT 2019

1. The Scottish Ministers, in exercise of their powers conferred by section 37(1) of the Scottish Crown Estate Act 2019 ("the Act"), give the following direction:

The Scottish Ministers direct as follows:

2. This Direction applies to Crown Estate Scotland.

Transfer of sums between income and capital accounts

3. Crown Estate Scotland ("CES") may transfer a sum of money from their income account to their capital account in the financial year ended 31 March 2026, as provided for in section 29(2) of the Act. The sum that may be transferred in that year is to be calculated as 13% of the previous financial year's gross revenue, after taking into consideration current year depreciation of plant and equipment. This will include interest income on CES capital and revenue accounts, but will exclude service charge income.
4. CES is not permitted to include revenue from ScotWind or INTOG leasing rounds or interest earned from that revenue as part of any transfer of funds from their income account to their capital account in the financial year ended 31 March 2026, unless otherwise directed in writing by the Scottish Ministers.
5. For the avoidance of doubt, Section 3 and 4 of this Direction are applicable only for the financial year specified above.

Treatment of certain sums

6. The gross annual income received, and any expenses incurred, by CES, from or in connection with mining leases or the working of mines or minerals shall be carried or charged as one half to the capital account and one half to the income account.

19 December 2024



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