

# Wales highlights 2016/17



# Working for Wales

Supported by our core values of commercialism, integrity and stewardship, we are committed to creating long-term value in Wales.

Our activities span the marine and rural environment in Wales, and this report highlights some of the achievements and progress we made in 2016/17.

## How we work

Working in partnership is at the heart of our approach to active asset management in Wales. As a result, we collaborate with a diverse range of organisations who share a common goal to deliver a positive outcome for the country.

We understand the aims of the Welsh Government and continue to work closely with a number of departments on shared priorities. The Crown Estate team meet with Ministers and other officials on a regular basis, and we continue to build upon our established and proactive working relationship with the Government.

We participate in a number of working and advisory groups, including with Natural Resources Wales. For example, we are members of the Welsh Marine Strategic Advisory Group (WMSAG) and associated task and finish groups.

Of particular note this year, in our capacity of manager of the seabed, we have provided evidence, data and expertise through the Welsh Government's engagement process to support the drafting of the Marine Plan which is due for consultation later in the year.

## Where we work

Our responsibilities in Wales include the seabed out to 12 nautical miles. This means that we have interests in renewable energy, oil and gas pipelines, marine aggregate extraction, telecommunications and power cables.

In addition, we have specific rights out to the edge of the continental shelf (excluding hydrocarbons) and manage around 65 per cent of the Welsh foreshore.

Inland, we own some rural land which is let for agricultural purposes, and around 26,900 hectares (66,470 acres) of Welsh common land. While this is primarily rough pasture for grazing, it is also an important natural resource enjoyed by all with an interest in the Welsh countryside.

Additional economic interests include ports, marinas and onshore wind farms.

We are also responsible for around 100,000 hectares (247,000 acres) of mineral-only ownership, with eight sites currently leased for mineral extraction. In addition, we own deposits of gold and silver, known as Mines Royal, wherever they are found in the UK, and have two leases in place for gold mining in Wales.

## Activity this year

### Supporting offshore renewable energy

As manager of the seabed around Wales, as well as England and Northern Ireland, we work alongside government, industry and a wide range of partners to play an active role in unlocking the potential of offshore energy.

The UK continues to be a global leader in offshore wind, with the sector meeting around 5% of the UK's energy demand and on course to meet 10% by 2020. Projects like the 576MW Gwynt y Môr, off the north coast of Wales, are among the largest operational wind farms in the world.

Wales also has significant wave and tidal energy potential, although these technologies are still in their early days. We have continued to play a role in supporting the sector by awarding seabed rights as well as collaborating with industry to address common challenges and share best practice.

In Wales there are two test and demonstration sites for wave and tidal current energy. Located in Anglesey and South Pembrokeshire, they are managed by third parties. This year, the South Pembrokeshire wave demo zone received £300,00 of European and Welsh Government funding.

In addition to the test and demonstration facilities, which enable technology developers to install single or multiple machines in a variety of site conditions, we offer the opportunity to access seabed for wave projects of up to 3 MW or tidal current projects of up to 30 MW. Applications can be made at any time until further notice. We will continue to review this position to make sure we are aligned with our customers, market and government appetite.

While challenging market conditions combined with nascent technology has seen the discontinuation of the DeltaStream tidal current project in the Ramsey Sound, there are two other projects under 3MW currently being developed. This includes the Minesto tidal current project in Holyhead Deep and Nova Innovation at Bardsey Island.



### Sharing knowledge

As part of our positive approach to long-term asset management, we continue to invest in activities and reports that bring together key industry stakeholders and enable them to share knowledge and best practice.

For example, we continue to grow the huge wealth of data publicly available through our Marine Data Exchange. This includes environmental material, such as bird and mammal surveys; human activity evaluations, such as shipping, navigation and archaeological data; and physical environmental detail, such as geotechnical and geophysical data and sediment sampling. By making this information easily available, we are helping to stimulate research, support academia and contribute towards the sustainable development of the seabed around the Welsh coastline.

This year also saw the Offshore Renewable Joint Industry Programme (ORJIP) for Ocean Energy successfully evolve from its pilot phase, with support from a number of partners including The Crown Estate, Welsh Government and Natural Resources Wales. The programme is bringing industry together to develop common positions on consenting issues, such as Environmental Impact Assessments and Habitats Regulations Assessments.

Finally, the government-commissioned Hendry Review into tidal lagoons was published this year with positive recommendations around the potential for the sector. We were able to help inform this Review through sharing evidence, data and expertise from our management of the seabed.

### Marine aggregates

We are responsible for licensing the extraction of aggregates where we manage the seabed. The tonnage of marine aggregates delivered to Welsh ports fell by 1% in 2016 to 683kt, with 337kt of this being dredged from Welsh waters.

As well as providing the raw materials for the construction industry, marine aggregates are also used to replenish beaches and improve coastal protection in Wales. Following the successful replenishment of Colwyn Bay beach in 2013 and 2014, we are continuing to work with interested partners to explore innovative project opportunities.

We are supporting Welsh Government and Natural Resources Wales in the process of reviewing policy regarding marine aggregate extraction in Welsh waters.

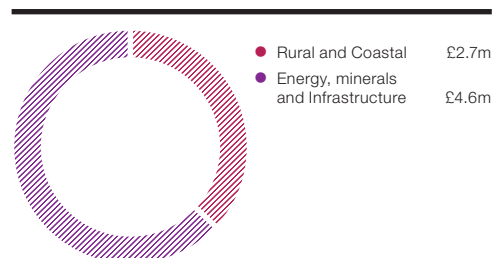
We have also been involved in developing a new initiative known as the Regional Seabed Monitoring Programme. This sector-wide regional approach to seabed sampling and analysis will lead to more effective management, efficient monitoring solutions, and ultimately, better environmental sustainability. The Crown Estate and Welsh Government have both provided funding to develop the programme.

# Wales highlights

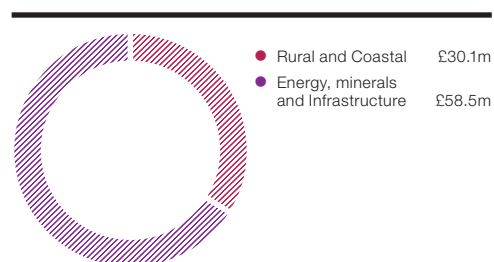
2016/17

## Financial highlights

### Revenue by activity 2017 £m



### Property value by activity 2017 £m



### The Crown Estate in Wales

|                       | The Crown Estate Wales Year ended 31 March 2017 £m | The Crown Estate Wales Year ended 31 March 2016 £m | The Crown Estate Total Continuing Operations Year ended 31 March 2017 £m | The Crown Estate Total Continuing Operations Year ended 31 March 2016 £m | Increase/(decrease) from prior year % | Percentage of total % |
|-----------------------|--|--|--|--|---------------------------------------|-----------------------|
| <b>Revenue</b>        | <b>7.3</b>   | 10.5   | <b>401.6</b>   | 381.1  | <b>(30.5)</b>                         | <b>1.8</b>            |
| Gross Surplus         | 7.1  | 10.3   | 351.0  | 329.6  | (31.1)                                | 2.0                   |
| <b>Property value</b> | <b>88.6</b>  | 91.6   | <b>11,267.8</b>  | 10,801.2   | <b>(3.3)</b>                          | <b>0.8</b>            |
| Capital Investments   | 0.5  | 1.3  | 563.0  | 230.6  |                                       |                       |
| Capital Receipts      | 0.2  | 83.5   | 524.7  | 628.1  |                                       |                       |

|  | The Crown Estate Wales Year ended 31 March 2017 £m | The Crown Estate Wales Year ended 31 March 2016 £m |  | The Crown Estate Wales Year ended 31 March 2017 £m | The Crown Estate Wales Year ended 31 March 2016 £m |
|--|--|--|--|--|--|
| <b>Revenue by activity</b>                       |  |  | <b>Property value by activity</b>                |  |  |
| Coastal  | 1.7  | 2.0  | Coastal  | 18.5   | 18.1   |
| Cables/pipelines                                 | 0.1  | 0.1  | Cables/pipelines                                 | 1.9  | 1.9  |
| Agriculture                                      | 0.1  | 0.1  | Agriculture                                      | 4.1  | 4.4  |
| Forestry   | -  | -  | Forestry   | 0.1  | 0.1  |
| Minerals   | 0.8  | 0.6  | Minerals   | 5.5  | 5.4  |
| Dredging   | -  | -  | Dredging   | -  | -  |
| <b>Rural and Coastal total</b>                   | <b>2.7</b>   | 2.8  | <b>Rural and Coastal total</b>                   | <b>30.1</b>  | 29.9   |
| Cables/pipelines                                 | 0.9  | 0.9  | Cables/pipelines                                 | 10.5   | 9.7  |
| Dredging   | 0.5  | 0.5  | Dredging   | 5.2  | 5.4  |
| Renewables                                       | 3.2  | 2.6  | Renewables                                       | 42.8   | 46.6   |
| <b>Energy, minerals and Infrastructure total</b> | <b>4.6</b>   | 4.0  | <b>Energy, minerals and Infrastructure total</b> | <b>58.5</b>  | 61.7   |
| <b>Regional Retail*</b>                          | <b>-</b>   | 3.7  | <b>Regional Retail*</b>                          | <b>-</b>   | -  |
| <b>Total</b>                                     | <b>7.3</b>   | 10.5   | <b>Total</b>                                     | <b>88.6</b>  | 91.6   |

\* Reflects sale of Morfa Shopping Park in Swansea, as stated in last year's report. After successfully delivering our asset management initiatives it was sold in early 2016 to Ashby Capital, in line with our strategy for the Regional Retail portfolio

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