

# Wales

## Highlights

### 2020/21

## WALES HIGHLIGHTS 2020/21

# Working for Wales

The Crown Estate manages marine and land assets in Wales. This report provides a summary of the highlights and main developments for the period from 1 April 2020 to 31 March 2021. Further reporting on our activities in Wales, and how we are fulfilling our duty under the Environment (Wales) Act 2016 Part 1 – Section 6 to protect the natural environment in the region can be found online in our Biodiversity and Resilience of Ecosystems Report 2019 at: [thecrownestate.co.uk/biodiversity-report-wales](http://thecrownestate.co.uk/biodiversity-report-wales)

Our new strategy, and our commitment to be a net zero carbon business by 2030, recognises the importance of biodiversity. Our objective is to actively invest to support the essential role played by biodiversity in the provision of ecosystem services through the creation, protection, restoration and enhancement of natural habitats on land and at sea. Our contribution to the UK's agenda on biodiversity will be a major component of the Environmental value we deliver as part of our developing Value Creation Framework (VCF). More detail on both our Group strategy and the VCF can be read on pages 12-15 of our latest Annual Report online at: [thecrownestate.co.uk/Annual-Report-2021](http://thecrownestate.co.uk/Annual-Report-2021)

Our long-term success relies on our relationships with all of our stakeholders, from our customers and partners through to the communities we serve. We aim to bring a partnership approach to these relationships to achieve the best outcomes for everyone. Building strong collaborative relationships is also central to understanding our stakeholders' needs.

The 2020/21 financial year has been a year dominated by COVID-19. We are acutely aware of the pressures the pandemic has put on our stakeholders and society in general, and of the resulting economic challenges some of our customers and operations in Wales continue to face. Our approach has been to maintain a dialogue with our customers and partners during this difficult time to help navigate the operational challenges brought about by the pandemic.

A more detailed account of our UK-wide operational response relating to our customers and stakeholders can be found on page 36 of our latest Annual Report online at: [thecrownestate.co.uk/Annual-Report-2021](http://thecrownestate.co.uk/Annual-Report-2021)

### Areas of responsibility

Our responsibilities in Wales include the seabed out to 12 nautical miles. Our interests therefore include renewable energy, which is our most significant activity in Wales; oil and gas pipelines, marine aggregate extraction, telecommunications and power cables. In addition, we hold the rights to the resources on the continental shelf, such as natural resources and offshore energy, but excluding fossil fuels. We also manage around 65 per cent of the Welsh foreshore and riverbed, which includes a number of ports, such as the busy and multi-functional port of Milford Haven in Pembrokeshire, and various marinas.

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# 1,500MW

Potential capacity of the Round 4 project off the Northern Welsh coast

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# 2.3m tonnes

Amount of CO<sub>2</sub> emissions which could be saved a year, as a result of the Round 4 project off the Northern Welsh coast

Inland, we own over 50,000 acres of Welsh uplands and common land which is primarily rough pasture for grazing, but also acts as an important natural resource for all to enjoy within the Welsh countryside. The value ascribed by our independent valuers to our agriculture portfolio in Wales increased during the year from £0.6 million to £2.2 million, primarily as a result of a change in valuation approach of our common land holdings in Wales.

We are responsible for around 250,000 acres of mineral-only interests, with eight sites currently leased for mineral extraction.

In addition, we manage the rights to deposits of gold and silver, known as Mines Royal. There is one Mines Royal lease and two pending Mines Royal leases. There are six current Mines Royal options and one pending option.

## Supporting offshore renewable energy

### Offshore wind

During 2020/21, across our seabed holdings, cumulative operational capacity in the offshore wind sector increased from 9.31GW to 9.61GW (an increase of 0.3GW). One of the largest operational wind farms in the UK, the 576MW Gwynt y Môr offshore wind farm off the north coast of Wales, suffered an export cable failure towards the end of 2020. By routing power through the remaining cables of the transmission asset it was possible to keep the output reduction to a minimum. The asset is still operating with a constrained capacity, at c.82% of normal capacity, until the full investigation is completed and the export cable fully repaired.

You can read more about the UK's offshore wind sector in our 2020 Offshore Wind Operational Report online at: [thecrownestate.co.uk/OSW-Report-2020](https://thecrownestate.co.uk/OSW-Report-2020)

### Round 4

During 2019, following 18 months of market and stakeholder engagement, we launched an innovative leasing process to award new offshore wind development rights in support of government targets for 2030 and beyond. In February 2021, six projects were selected through the competitive tender. The provisional outcome of Round 4 provides the potential for up to 8GW of capacity and a strong field of developers with both new entrants and incumbents.

One of the six projects selected is located off the Northern Welsh coast, North East of Anglesey. The successful bidder was a consortium of EnBW and BP and the project has a potential capacity of 1,500MW. This would provide enough power to meet the electricity needs of approximately 1.4 million homes and deliver a reduction in CO<sub>2</sub> emissions of up to 2,344,176 tonnes per annum.

This project, along with the other five preferred projects, now moves into the environmental assessment known as the Habitats Regulations Assessment (HRA) process and, subject to its conclusion, we will look to award rights in 2022. More detail on Round 4 is provided online at: [thecrownestate.co.uk/Round4](https://thecrownestate.co.uk/Round4)

As a result of Offshore Wind Leasing Round 4 the valuation of our Marine portfolio in Wales has increased significantly in the year from £49.2 million to £549.1 million. As with all the Round 4 projects, there is significant risk around this Round 4 project off the Northern Welsh coast, which will result in future variability for both income and capital values as this project progresses through its life-cycle. If this project moves into the option period, the associated net revenue profit will begin to be recognised and paid annually to the Treasury for the benefit of the nation's finances. More information on the risks and financial impact of Round 4 projects can be found on pages 30-31 of our latest Annual Report online at: [thecrownestate.co.uk/Annual-Report-2021](https://thecrownestate.co.uk/Annual-Report-2021)

### Floating offshore wind

During the year we signed an Agreement for Lease for the proposed 96MW Erebus floating wind demonstration project, in the Welsh waters of the Celtic Sea. This is the first time that rights have been awarded for floating wind in Wales, marking a milestone moment for the Welsh offshore wind sector.

There is significant market appetite and capability to meet the UK Government's target of delivering 1GW of energy from floating wind by 2030, and we have started work to design and deliver a new leasing opportunity for early commercial-scale floating wind projects in the Celtic Sea.

This could create projects of around 300MW in Welsh Waters and provide innovation and learning opportunities for the local supply chain, positioning them to win more business at home and abroad as the industry grows to commercial scale. The leasing process will balance the opportunity for a new, clean electricity source, with the interests of other sea users and the protection of the marine environment. This will be supported with enabling actions to help us understand and act on a wide range of factors, including potential impacts on the fishing sector, and to support regions and local communities maximise the economic benefit from it.

### Wave and tidal

Wales also has significant wave and tidal energy potential. We continue to play a role in supporting this sector through engagement with the Marine Energy Wales Working Group, Welsh Government's Consenting Strategic Advisory Group and through discussions with our customers around their awarded leased sites. We continue to offer the opportunity to access the seabed for wave projects up to 3MW or tidal stream projects up to 30MW and several test and demonstration projects are targeting a 2023 start date.

### Marine aggregates

The Crown Estate is responsible for licensing the extraction of aggregates where we manage the seabed. Marine aggregates are an important resource for Wales, accounting for approximately 80% of sand and gravel usage in South Wales.

In 2020, the tonnage of marine aggregates delivered to Welsh ports decreased very slightly to 683,125 tonnes, all of which was dredged from Welsh Waters. A total of 1,380,597 tonnes were dredged from Welsh Waters, an increase of 51% on the prior year.

This increase is predominantly as a result of three Exploration areas that converted to Production areas in the previous year which led to an increase in the value placed on our marine aggregates portfolio in Wales from £10.5 million to £14.9 million.

As part of our commitment to regularly tender exclusive rights to enter an Exploration and Option Agreement for marine aggregates, we will be holding a tender in 2021 to help ensure the future pipeline of this critical building material component for the construction sector and to support coastal defence and adaptation projects, including resilience to climate change.

## WALES HIGHLIGHTS 2020/21

In 2018 we introduced our next generation Electronic Monitoring System (EMS) to the regular UK marine aggregate dredging fleet. We have been developing this system further to create a version that is dedicated to the non-regular contract dredging fleet, aimed at one-off coastal adaptation projects such as beach replenishment and capital dredging. The system has completed sea trials and was introduced in late 2020. Its introduction facilitates the monitoring of dredgers that operate on marine aggregate licences on a temporary, ad-hoc basis when it is impractical to fit the regular system, and enables us to ensure all dredging activity in our waters continues to be undertaken in a responsible and compliant manner.

### Coastal

During the period we granted landowners rights over the foreshore at Rhyl to Denbighshire County Council (the Coastal Protection Authority) to assist in a 600-metre (£27.5 million) seafront flood defence scheme to protect 1,650 homes in the east of the town. Works are expected to be completed in 2023.

We anticipate new aquaculture schemes being considered across Wales. During the year enquiries were received in relation to the cultivation of bivalves (e.g. molluscs such as clams, oysters, mussels, scallops etc) and flora including seagrass and seaweed.

### Working in partnership

Our approach to asset management in Wales is grounded in a partnership approach which sees us work together with a diverse range of organisations. This includes collaborating with the Welsh Government, understanding its aims and working with a number of departments on shared priorities.

The Offshore Wind Evidence and Change programme formally launched in December 2020 with a charter signed up to by 26 organisations. It is a pioneering programme led by The Crown Estate in partnership with the Department for Business, Energy & Industrial Strategy and Department for Environment, Food & Rural Affairs.

The programme will gather data and evidence to drive forward the sustainable and coordinated expansion of offshore wind to help meet the UK's commitments to low carbon energy transition whilst supporting clean, healthy, productive and biologically diverse seas.

To provide oversight and direction we have established a programme steering group which includes the Welsh Government and Natural Resources Wales. Members provide their expertise and resources to identify, support and deliver strategic research and data projects. Over a five-year period, these projects will provide essential insights to help the sector better understand and address cumulative environmental impacts and interactions with other industries and activities, both around the coast and offshore.

We continue to work with the Welsh Government to support its work on the implementation of the Welsh National Marine Plan. We are engaging with this process through participation in the Marine Planning Stakeholder Reference Group.

We continue to enjoy a strong relationship with Natural Resources Wales and work in partnership where we have holdings to ensure that the natural resources of Wales are sustainably managed for the long term.

We also participate in a number of working and advisory groups. This includes membership of the Wales Marine Action and Advisory Group (WMAAG), the WMAAG Blue Recovery Sub-group, and the Marine Protected Areas Network Management Steering Group to ensure a joined up approach and knowledge sharing across the marine space.

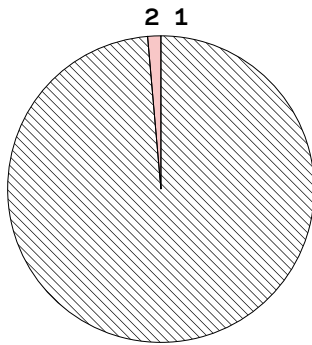
### Sharing knowledge

The Marine Data Exchange (MDE) is a publicly accessible free data archive for anyone who is interested in the marine space. It stores, manages and shares offshore survey data collected by our customers. The MDE continued to grow over the past year, and now holds over 16 terabytes of offshore survey data collected in Welsh waters from 1956 to 2020, covering a variety of survey campaigns, including environmental monitoring, site investigation and meteorological data, from sectors such as offshore wind, tidal stream and marine aggregates. 60% of this data is publicly available to access and download for free. The database has been recently redeveloped and can be accessed online at: [thecrownestate.co.uk/MDE](https://thecrownestate.co.uk/MDE)

As the offshore sector continues to grow, it is important to ensure that marine energy research and knowledge sharing is coordinated to help build a sustainable sector for the long term. Alongside the Welsh Government, Natural Resources Wales and other industry stakeholders, we continue to support the Offshore Renewables Joint Industry Programme (ORJIP) for Ocean Energy. This brings together industry, regulators, researchers and funders so that the sector's consenting risks can be addressed in a strategic and coordinated manner.

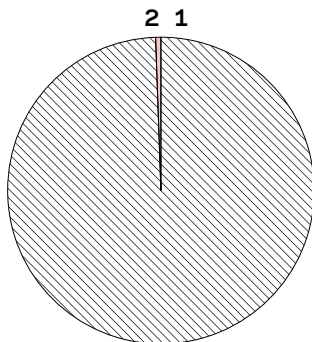
Financial highlights (unaudited)

Revenue by activity 2020/21



1 Marine	£8.6m
2 Regional	£0.1m
<b>Total</b>	<b>£8.7m</b>

Property value by activity as at 31 March 2021



1 Marine	£600.8m
2 Regional	£2.2m
<b>Total</b>	<b>£603.0m</b>

The Crown Estate in Wales

	The Crown Estate Wales Year ended 31 March 2021 £m	The Crown Estate Wales Year ended 31 March 2020 £m	The Crown Estate Total Year ended 31 March 2021 £m	The Crown Estate Total Year ended 31 March 2020 £m	The Crown Estate Wales Increase/(decrease) from prior year %	The Crown Estate Wales Percentage of Total %
Revenue	8.7	8.8	452.8	476.0	(1.1)	1.9
Gross Surplus	8.5	8.4	341.9	389.4	1.2	2.5
Property value	603.0	96.8	13,696.2	12,522.1	522.9	4.4
Capital Investments	0.1	0.2	78.9	458.5		
Capital Receipts	-	1.7	148.5	356.5		

Revenue by activity	The Crown Estate Wales Year ended 31 March 2021 £m	The Crown Estate Wales Year ended 31 March 2020 £m	Property value by activity	The Crown Estate Wales Year ended 31 March 2021 £m	The Crown Estate Wales Year ended 31 March 2020 £m
Agriculture	0.1	0.1	Agriculture	2.2	0.6
Regional	0.1	0.1	Regional	2.2	0.6
Cables/pipelines	1.2	1.1	Cables/pipelines	13.5	13.3
Coastal	1.7	1.9	Coastal	17.6	17.5
Minerals	0.7	0.9	Minerals	5.7	5.7
Marine aggregates	1.7	1.4	Marine aggregates	14.9	10.5
Renewables	3.3	3.4	Renewables	549.1	49.2
<b>Marine</b>	<b>8.6</b>	<b>8.7</b>	<b>Marine</b>	<b>600.8</b>	<b>96.2</b>
<b>Total</b>	<b>8.7</b>	<b>8.8</b>	<b>Total</b>	<b>603.0</b>	<b>96.8</b>

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