



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 its income account to its capital account for the financial year ending 31 March 2027, and each subsequent financial year, up to and including the financial year ending 31 March 2031, as provided for in section 29(2) of the Act. The sum that may be transferred in each of those financial years is to be calculated as up to 27% 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 from the financial year ending 31 March 2027, up to and including the financial year ending 31 March 2031, unless otherwise directed in writing by the Scottish Ministers.
5. For the avoidance of doubt, this Direction applies only to the financial years specified above.
6. In accordance with section 37(3) of the Act, the Scottish Ministers may revise or revoke this Direction.

Treatment of certain sums

7. 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.

Terms and Conditions

8. The transfer by CES of any sum from its income account to its capital account in respect of the financial year ending 31 March 2027, and each subsequent financial year, up to and including the financial year ending 31 March 2031, in accordance with this Direction, is subject to the terms and conditions set out in the Schedule.

A handwritten signature in black ink, consisting of a vertical line on the left and a cursive flourish on the right.

18 February 2026

Schedule

Paragraph 7

Terms and Conditions

1. CES is required to be accountable for the financial projections as set out in its business case requesting an increased revenue to capital transfer over their new Corporate Plan period covering 2026-2031, which was approved by the Scottish Ministers on 30 July 2025. In particular, CES must provide an annual report to the Scottish Ministers detailing progress against the projected levels of capital expenditure and net profit contained in that business case. Each report must be submitted no later than 30th June following the end of each of the financial years to which this Direction applies (the financial year ending 31 March 2027, and each subsequent financial year, up to and including the financial year ending 31 March 2031).
2. Coastal local authorities, as identified by the Scottish Ministers, will not experience a financial shortfall compared to the total net revenue settlement they received in 2024/25, which was £12.4 million. For the duration that this Direction applies, if the net revenue derived from assets managed by CES, located 0-12nm in Scottish waters, that is available for transfer to local authorities is less than £12.4 million annually, CES is required to proportionally reduce its income to capital transfer to maintain the agreed minimum amount.
3. CES must provide a report to the Scottish Ministers specifying the total net revenue surplus derived from assets managed by CES located 0-12nm in Scottish waters, together with the financial information requested by the Scottish Ministers for the purposes of understanding the allocation of gross revenues to coastal local authorities, no later than 1 April following the end of each year to which this Direction applies.