HL Bill 29 of 2024-25

Crown Estate (Wales) Bill [HL]

Author: Eren Waitzman

Date published: 3 February 2025

The <u>Crown Estate (Wales) Bill [HL]</u> is a private member's bill seeking to transfer responsibility for the Crown Estate in Wales to the Welsh government. The bill's second reading is scheduled to take place in the House of Lords on 7 February 2025. It has been introduced by Lord Wigley (Plaid Cymru).

There have been other recent attempts in Parliament to devolve the management of the Crown Estate in Wales to the Welsh government. A similar bill was introduced in the House of Commons in the 2021–22 parliamentary session by Liz Saville Roberts (Plaid Cymru MP for Dwyfor Meirionnydd) but did not progress past first reading. Additionally, several members of the House of Lords unsuccessfully tabled amendments to devolve the Crown Estate during the Lords stages of the Crown Estate Bill [HL] 2024–25.

Some stakeholders, including members of Senedd Cymru (the Welsh Parliament), have supported devolving the management of the Crown Estate in Wales. However, the UK government has rejected this, citing concerns about delayed energy grid connectivity reform, the commercial viability of a smaller entity in Wales, and the current economic benefits to Wales from income from the Crown Estate's portfolio.



At the time of writing, this bill is currently awaiting committee stage in the House of Commons. See: UK Parliament, 'Crown Estate Bill [HL] 2024–25', accessed 30 January 2025.



I. About the Crown Estate

The Crown Estate is an independent commercial business that manages agriculture, buildings, common land, forestry, shoreline and seabed.² These assets are hereditary possessions of the sovereign held "in right of the crown", meaning they belong to the sovereign for the duration of their reign, but cannot be sold by them, nor do the revenues from the assets belong to them. The government does not own the Crown Estate.

The history of the Crown Estate traces back to 1760, when King George III transferred land and property to the government, with the revenue going to the Treasury. This was in return for a fixed salary.

The Crown Estate was established as a trust estate by the Crown Estate Act 1961. It is tasked with growing the value of the portfolio "into perpetuity" and the income it returns to HM Treasury, with "due regard to good management". The Treasury oversees the Crown Estate's business and acts as its sponsoring department within the government.

The Crown Estate is overseen by a board, known as the Crown Estate commissioners.⁴ The 1961 act tasks the commissioners, on behalf of the crown, with:

[...] the function of managing and turning to account land and other property, rights and interests, and of holding such

² Crown Estate, 'FAQs', accessed 28 January 2025.

³ Crown Estate, 'FAQs', accessed 28 January 2025.

⁴ Crown Estate, 'About us: Governance', accessed 28 January 2025.



of the property, rights and interests under their management as for any reason cannot be vested in the crown or can more conveniently be vested in the commissioners; and the property, rights and interests under the management of the commissioners shall continue to be known as the Crown Estate.⁵

Under the act, Crown Estate commissioners are appointed by the monarch on the recommendation of the chancellor from candidates identified by a selection panel including Treasury representation. Each commissioner is appointed for a period of up to four years. There must be no more than eight commissioners at any one time. One of the commissioners is appointed as the first Crown Estate commissioner and acts as the chair of the Crown Estate. The chief executive is appointed as second Crown Estate commissioner.

In 2023/24, the Crown Estate generated a record net revenue profit of £1.1bn for the public finances. It has paid £4.1bn to the Treasury in the past decade. The Crown Estate property portfolio is valued at £4bn and has total net assets worth £15.5bn. It manages approximately 200,000 acres of land, more than 12,000km of coastline, 8mn square feet of commercial development space in the regions, approximately 10mn square feet of prime real estate in London and a seabed area more than twice the combined landmass area of England, Wales and Northern Ireland. The management of the Crown Estate in Scotland, including revenue generated from its

⁵ Crown Estate Act 1961, section I(I).

⁶ Crown Estate, 'About us: Governance', accessed 28 January 2025.

⁷ Crown Estate, '<u>The Crown Estate delivers a record £1.1bn net revenue profit for the public finances</u>', 24 July 2024.

⁸ As above.



assets, was devolved to the Scottish government in the Scotland Act 2016 and came into force on 1 April 2017.9

In Wales, the Crown Estate owns over 50,000 acres of uplands and common land, manages approximately 65% of the foreshore and riverbed and is responsible for the seabed out to 12 nautical miles.¹⁰ In the year ending 31 March 2021, the Crown Estate reported that its property value in Wales was worth £603mn and that its revenue was £8.7mn.¹¹

Further information on the Crown Estate, its history, functions and portfolio can be found in: House of Lords Library, 'Crown Estate Bill [HL]: HL Bill 5 of 2024–25' (6 August 2024).

2. Recent attempts to devolve the Crown Estate to Wales

2.1 Crown Estate (Devolution to Wales) Bill 2021-22

In June 2021, Liz Saville Roberts (Plaid Cymru MP for Dwyfor Meirionnydd) introduced the <u>Crown Estate (Devolution to Wales)</u> <u>Bill</u> in the House of Commons. ¹² The bill sought to devolve the management of the Crown Estate and its assets in Wales to the Welsh government. The bill fell prior to its second reading in the House of Commons due to Parliament being prorogued in April 2022.

⁹ Crown Estate, 'About us: Our history', accessed 28 January 2025.

¹⁰ Crown Estate, 'Wales highlights: 2020/21', 23 June 2021, p 2.

¹¹ As above, p 5.

¹² UK Parliament, 'Crown Estate (Devolution to Wales) Bill', accessed 28 January 2025.



2.2 Amendments to the Crown Estate Bill [HL] 2024–25

In July 2024, the government introduced the <u>Crown Estate Bill [HL]</u> in the House of Lords. ¹³ The bill would amend the Crown Estate Act 1961 to extend the Crown Estate commissioners' powers to invest and borrow, increase the maximum number of commissioners and change how their salaries are paid. ¹⁴

During the bill's progression through the House of Lords, several members spoke in favour of devolving the management of the Crown Estate in Wales to the Welsh government. 15 At committee stage in October 2024, Baroness Humphreys (Liberal Democrat) tabled an amendment to the bill which would have required the Treasury to devolve Welsh functions of the Crown Estate commissioners to Welsh ministers or a person nominated by Welsh ministers. 16 Discussing her amendment, Baroness Humphreys said there were "increasing calls within Wales" for the devolution of such powers. She highlighted that it was the policy of her party, the Welsh Liberal Democrats, and that Senedd members had voted 35 to 13 in favour of a Plaid Cymru debate calling for the devolution of the Crown Estate to the Welsh government. Baroness Humphreys also stated that she wanted decisions about renewable energy projects on Crown Estate land and sea in Wales to be "made in Wales by our politicians".

Responding, Lord Livermore, the financial secretary to the Treasury, stated that he believed that "there is greater benefit for the people of

¹³ UK Parliament, 'Crown Estate Bill [HL]', accessed 28 January 2025.

¹⁴ For more details on the bill, see: House of Lords Library, 'Crown Estate Bill [HL]: HL Bill 5 of 2024–25', 6 August 2024.

¹⁵ HL Hansard, 14 October 2024, cols 14–77.

¹⁶ HL Hansard, 14 October 2024, cols 20–2.



Wales and the wider United Kingdom in retaining the Crown Estate's current form". 17

Lord Livermore also outlined several other reasons for the government's position. ¹⁸ Firstly, he stated that it would "delay UK-wide grid connectivity reform", noting that the Crown Estate was working in partnership with the national energy system's operator to "ensure that its current pipeline of Welsh projects, the biggest of which is the round 5 offshore wind opportunity in the Celtic Sea, can benefit from this co-ordinated approach to grid connectivity up front". He argued that introducing a new entity which controlled assets only in Wales into a "complex operating environment […] would not make commercial sense".

Secondly, the minister stated that the Crown Estate's assets in Wales, as compared to its assets in England, were of a "fundamentally smaller magnitude". Therefore, he stated that this would "very likely not be commercially viable if the costs were unsupported by the wider Crown Estate portfolio".

Lastly, he said that income generated by the whole Crown Estate portfolio was benefiting the Welsh population, as the Crown Estate paid its entire net profits into the UK consolidated fund annually. This, he argued, "both enables those revenues to fund UK government spending in reserved areas in Wales—for example, in policing—and supports the funding provided through the block grant". Lord Livermore stated that if Wales were to benefit only from the income generated in Wales "then it would likely be zero or negligible for several decades to come".

¹⁷ HL Hansard, 14 October 2024, col 27.

¹⁸ HL Hansard, 14 October 2024, cols 28–9.



Despite the government's opposition to devolving the Crown Estate to Wales, Lord Livermore said that he would continue to discuss these issues with the first minister and the secretary of state for Wales to "ensure that Wales sees the full benefits of the Crown Estate and other forms of investment". 19

Following further debate, the amendment was not moved.²⁰ Other amendments on devolving functions or the management of the Crown Estate to the Welsh government were either not moved or withdrawn.²¹

The bill's report stage took place in the House of Lords on 5 November 2024.²² An amendment to insert a new clause into the bill which would create three new Crown Estate commissioners responsible for providing advice on conditions in England, Wales and Northern Ireland was tabled by Lord Hain (Labour).²³ The amendment received government and cross-party support. Moving the amendment on behalf of Lord Hain, Lord Murphy of Torfaen (Labour) stated that he believed it was "incongruous" that the Crown Estate had been devolved to Scotland but not to Wales or Northern Ireland. He therefore welcomed the amendment "in so far that it means that there will be commissioners specifically responsible for giving advice to the Crown Estate itself on behalf of Wales and Northern Ireland—which is very good".²⁴

Lord Livermore, who also sponsored the amendment, stated that the

¹⁹ HL Hansard, 14 October 2024, col 27.

²⁰ HL Hansard, 14 October 2024, col 96.

²¹ UK Parliament, 'Crown Estate Bill [HL]: Committee stage—amendments', accessed 28 January 2025.

²² HL Hansard, 5 November 2024, cols 1397–1455.

²³ HL Hansard, 5 November 2024, cols 1434–5.

²⁴ HL Hansard, 5 November 2024, col 1434.



government supported the amendment as the commissioners would:

[...] certainly strengthen the Crown Estate's ability and mission to deliver benefit for the whole UK at a time when devolution of the estate would significantly risk fragmenting the energy market, which would undermine international investor confidence and delay the progress towards net zero by an estimated 10 to 20 years, to the detriment of the whole UK.²⁵

The amendment was agreed without division.²⁶

An amendment to devolve the management of the Crown Estate in Wales to the Welsh government was again tabled by Baroness Humphreys. Baroness Humphreys reiterated that there was Welsh public support, among other stakeholders, for devolution.²⁷ She also expressed her disappointment that Lord Hain's amendment did not "lay any foundation or route map for the transference of powers to Wales". Therefore, she said she wanted to seek the opinion of the House on her amendment.

In response, Lord Livermore reiterated many of the points he made at committee stage, arguing there was "greater benefit for the people of Wales and the wider United Kingdom in retaining the Crown Estate's current form". He spoke again about how it would impact UK-wide energy connectivity reform and said it would "risk jeopardising the existing pipeline of offshore wind development in the

²⁵ HL Hansard, 5 November 2024, col 1441.

²⁶ HL Hansard, 5 November 2024, col 1455.

²⁷ HL Hansard, 5 November 2024, col 1433.

²⁸ HL Hansard, 5 November 2024, cols 1442-3.



Celtic Sea, planned into the 2030s, and the vital investment and jobs that this would bring across south Wales".

The amendment was pushed to a division but was defeated by 147 votes to 74.²⁹

The bill completed its House of Lords stages on 18 November 2024.³⁰ It had its first reading in the House of Commons on 19 November 2024 and completed its second reading on 7 January 2025. It is scheduled to be considered at public bill committee in the Commons on 6 February 2025.

3. Effect of the Crown Estate (Wales) Bill [HL]

3.1 Overview

Setting out the purpose of his private member's bill, Lord Wigley stated that:

The bill would amend part 2 of the Wales Act 2017 by inserting a measure whereby the Treasury may create a scheme for the transfer of the existing Welsh functions of the Crown Estate commissioners to Welsh government ministers or those nominated by them (referred to as the "transferee").³¹

²⁹ HL Hansard, 5 November 2024, cols 1444–5.

³⁰ UK Parliament, 'Crown Estate Bill [HL]', accessed 28 January 2025.

³¹ Text supplied by Lord Wigley to the House of Lords Library.



3.2 Provisions

The bill comprises two substantive clauses.

Clause I would insert a new section (52A) into the Wales Act 2017 to transfer responsibility of the Crown Estate in Wales to the Welsh government. Key provisions of this new section include:

- Transfer scheme. This section would enable the Treasury to enact a scheme to transfer all Welsh functions of the Crown Estate commissioners to either Welsh ministers or a person nominated by the ministers (subsection (1)). It would also define the existing Welsh functions to cover property, rights or land in Wales and those in the internal waters of Wales, known as "the Welsh zone" (subsection (2)). However, this does not include the property, rights or interests in Wales held by a limited partnership registered under the Limited Partnerships Act 1907 (subsection (3)).
- **Post-transfer management**. This would require the continued management of transferred assets on behalf of the crown (subsection (5)). For the purposes of that management, this would "not prevent" the disposal and acquisition of property, rights or interests (subsection (6)) and would require management as an estate in land or as separate estates (subsection 8).
- Transfer of rights and liabilities. This would provide for the transfer of designated rights and liabilities of the commissioners, with provisions to



ensure that any person in crown employment (within the meaning of section 191 of the Employment Rights Act 1996) is not "adversely affected" (subsections (10) and (11)).

• Safeguards and conditions. This would require the scheme to include provisions that the Treasury considers "necessary or expedient" relating to defence or national security, telecommunications, oil and gas resources, and the interests of consumers relating to electricity networks (subsection (12)). Any transfer would be subject to these provisions (subsection (13)).

Upon the successful transfer under the scheme, the designated transferee would formally acquire the transferred Welsh functions, rights, and liabilities (subsection (15)). The Treasury would certify the completion of the transfer, which would be considered "conclusive evidence" of the transfer (subsection (16)). The scheme could only be made with the agreement of Welsh ministers and would be exercised through statutory instrument (subsections (17) and (18)). The statutory instrument would need to be approved by both Houses of Parliament and the Senedd Cymru prior to the scheme being made (subsection (19)).

Subsection (5) of clause I would enable His Majesty to make provision about the transfer by order in council. This order in council could establish a body as the transferee, or amend, repeal or revoke existing acts of the Senedd Cymru or regulations made under those acts (subsection (6)). These powers would be exercisable by statutory instrument (subsection (7)). An order in council could only be made if a draft of the statutory instrument had been presented to and approved by the Senedd Cymru (subsection (8)).



Subsections (9) to (11) would amend the <u>Civil List Act 1952</u> to ensure that all revenue generated from Welsh Crown Estate assets would be paid into the Welsh consolidated fund.³²

Clause 2 would provide for the bill to come into force on the day it received royal assent and for it to extend to Wales only.

4. Current government position

The government's position on the Crown Estate in Wales remains unchanged.³³ In January 2025, the government was asked in a written question on what discussions it had had with the Welsh government on devolving the management of the Crown Estate in Wales. Responding, Darren Jones, the chief secretary to the Treasury, stated that the government had not held discussions with the Welsh government on the subject. He also reiterated arguments made by Lord Livermore in the House of Lords stages of the Crown Estate Bill [HL] that introducing a new entity would "fragment the market, complicate existing processes, and likely delay further development offshore, undermining investment in Welsh waters".

5. Read more

 Richard Youle, 'Council unanimously backs call for <u>Crown Estate assets in Wales to be devolved</u>', Nation Cymru, 13 November 2024

³² Public money allocated to Wales is paid into the fund by the government, via the secretary of state for Wales. and by funds received from other sources (Senedd Cymru, 'Glossary: Welsh consolidated fund', accessed 29 January 2025).

³³ House of Commons, 'Written question: Crown Estate: Wales (22766)', 13 January 2025.



- Teleri Glyn Jones, 'New Welsh adviser for royal landowner Crown Estate', BBC News, 5 November 2024
- Stephen Clear, '<u>Crown Estate: Why it's time to</u> <u>devolve it and put Wales on par with Scotland</u>', The Conversation, 12 August 2024
- The Crown Estate, 'Wales review 2023/24', 23 July 2024

About the Library

A full list of Lords Library briefings is available on the Library's website.

The Library publishes briefings for all major items of business debated in the House of Lords. The Library also publishes briefings on the House of Lords itself and other subjects that may be of interest to members.

Library briefings are produced for the benefit of Members of the House of Lords. They provide impartial, authoritative, politically balanced information in support of members' parliamentary duties. They are intended as a general briefing only and should not be relied on as a substitute for specific advice.

Every effort is made to ensure that the information contained in Lords Library briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

Disclaimer

The House of Lords or the authors(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice. The House of Lords accepts no responsibility for any references or links to, or the content of, information maintained by third parties.

This information is provided subject to the conditions of the Open Parliament Licence.

Authors are available to discuss the contents of the briefings with Members of the House of Lords and their staff but cannot advise members of the general public.

Any comments on Library briefings should be sent to the Head of Research Services, House of Lords Library, London SWIA 0PW or emailed to hlresearchservices@parliament.uk.