



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Earl of Courtown
House of Lords
London
SW1A 0PW

cc. Baroness Vere of Norbiton

17 September 2024

Dear Lord Courtown,

THE CROWN ESTATE BILL 2024

Many thanks for your contributions during the Second Reading debate of The Crown Estate Bill. As promised in my closing speech, I am writing to respond to the specific questions you raised which I did not have the opportunity to cover at that time.

You asked about The Crown Estate's (TCE) investment strategy. As I set out during the debate, the reforms being introduced in this Bill will not alter the fundamental statutory basis of TCE as a commercial business, independent from Government, that operates for profit and competes in the marketplace for investment opportunities. Those requirements place strict parameters on its investment strategy, focusing this on areas which provide financial benefit, akin to private sector operators. Within that context, it would not therefore be appropriate for either Government or Parliament to dictate what specific investments TCE should or should not make.

Notwithstanding this independence, there are existing governance arrangements in place to ensure TCE is accountable for meeting its statutory functions and duties. These include the requirement for TCE to lay in Parliament an annual report and accounts, audited by the National Audit Office, setting out the performance of its functions in that year. In addition, TCE has an accounting officer who is answerable to Parliament for the stewardship of TCE's resources. The Crown Estate Commissioners, who


manage TCE, are appointed by His Majesty on the recommendation of ministers, and this appointment process is governed by the Code for Public Appointments.

You also asked about governance and the relationship between the Treasury, ministers and TCE. Treasury officials and ministers do not take an active part in TCE's decision-making, as is consistent with TCE's independence. The Crown Estate's existing Framework Document provides for a long-standing, constructive and transparent relationship between TCE and the Treasury, including regular discussion of business planning and strategy, as well as ad-hoc meetings where appropriate. This would certainly include any consideration of significant changes to the asset base. As you noted in the debate, the Treasury's power of direction, as defined in The Crown Estate Act 1961, has never been used. While I would not wish to speculate on specific circumstances in which it might be used, in exercising any direction, ministers must have regard to TCE's statutory duties.

Finally, you raised a question in relation to the proposed borrowing powers and the impact on TCE's returns to the Consolidated Fund. With the benefit of the measures proposed in the Bill, we expect that TCE could return up to £100 million of additional annual profit to the Treasury by 2030. As I said in the debate, a draft version of the Memorandum of Understanding between the Treasury and TCE will be published by November. This will set out further detail on the parameters and controls around borrowing.

I trust I have answered all the questions you raised. If you or Baroness Vere of Norbiton would like to speak again before Committee on the 14 October please do get in touch with my office and they would be happy to set up a meeting. I am copying these letters to those who spoke at Second Reading and placing a copy in the parliamentary library.

Yours sincerely,



Lord Livermore
FINANACIAL SECRETARY TO THE TREASURY