



House of Commons
Treasury Committee

The management of the Crown Estate

Eighth Report of Session 2009–10

Volume I



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Report, together with formal minutes

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The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue & Customs and associated public bodies.

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/treascom.

Committee staff

The current staff of the Committee are Eve Samson (Clerk), Andrew Griffiths (Second Clerk and Clerk of the Sub-Committee), Adam Wales, and Jay Sheth (Committee Specialists), Phil Jones (Senior Committee Assistant), Caroline McElwee (Committee Assistant), Gabrielle Henderson (Committee Support Assistant) and Laura Humble (Media Officer).

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Summary

The Crown Estate Commissioners (CEC) are a public body responsible for the management of the Crown properties and property rights known as the Crown Estate. They have a general duty, under the Crown Estate Act 1961, “while maintaining the Crown estate as an estate in land [...] to maintain and enhance its value and the return obtained from it, but with due regard to the requirements of good management”. The surplus revenue generated by the Crown Estate goes into the Consolidated Fund, a general fund that the government uses for public expenditure. Included within the Crown Estate are Regent Street and St James’s, rural estates, Windsor Great Park, management of 55% of the foreshore of the UK and almost all of the seabed out to the 12 nautical mile territorial limits, and vested rights over the UK continental shelf areas.

The nature of the CEC, and the Crown Estate they manage, is not widely understood or easy to comprehend. We widened the scope of our inquiry, therefore, to include an examination of the nature of the CEC. The CEC run a successful business operation. Within their Urban and Marine Estates, however, we encountered circumstances where the extent of their emphasis on revenue generation appeared to prevent the CEC taking full account of potential wider public interests.

The CEC are proposing to sell off four London residential estates as part of their strategy to concentrate on more commercial holdings in central London and elsewhere. We are concerned about the CEC’s handling of the consultation exercise, including the apparent failure to consult local organisations with rights to nominate key workers, and recommend that they review their consultation processes. More generally, we also urge the CEC to engage more fully with key public bodies in London about their future plans for their London portfolio.

In the marine environment, stakeholders are concerned by the emphasis the CEC are placing on revenue rather than long-term development and by CEC’s monopoly position. We welcome the CEC’s recognition of the importance of greater consultation and partnership-working to develop the new tidal and wave power industries, and recommend that they adopt this approach with the other sectors of marine development with which they are involved. We also welcome the Government’s intention to review the CEC’s monopoly position in the marine environment. We consider that the CEC ought to be able to adopt an approach that is more sympathetic to facilitating the development of local socio-economic benefit.

We note frustration in Scotland—where much of the marine development is taking place—at a lack of engagement by the CEC. We recommend that the Scottish Government and CEC agree a concordat or memorandum of understanding to consolidate their working relationship, and that the CEC greatly strengthen their management arrangements within Scotland.

We also note, with alarm, CEC’s recent involvement in joint ventures, and recommend that the Treasury review whether such involvement is compatible with the constraints on borrowing contained in the Crown Estate Act 1961.

Our most important finding is that, even within the current statutory framework, the CEC have more flexibility to accommodate wider public interests than either they or the Government appear to realise. We consider that, subject to the review recommended below, these wider public benefits should be clarified. We also consider that the Government is taking too narrow a view of the scope it has to advise the CEC on the extent to which it ought to take wider public interests into account.

We have not formed a definitive view on whether the current framework for the management of the Crown Estate remains appropriate, and recommend that the future Government commission a wider review of the management of the Crown Estate and the 1961 Act, and the appropriate level of Ministerial involvement.

