

# The Future of the Crown Estate in Wales

## INTERIM REPORT SUMMARY

**This group has reviewed how the Crown Estate works within Wales to identify opportunities for improving its governance and accountability and to maximise the benefits it delivers to the people, communities and economy of Wales.**

We've identified three key points:

1. Up until now there has been a lack of authoritative information in the public domain regarding the value of the Crown Estate to Wales, the revenues accruing from it and its plans for future investment. This has led to extensive speculation regarding the financial benefits arising from its Welsh operations. Current estimates regarding Crown Estate revenues in Wales are based on the fourth round of Offshore Wind projects whose lease option revenues are time-limited, non-recurring, frontloaded by design and determined by the market. **Future rounds are predicted to be of much smaller scale with limited opportunities to develop offshore wind in Welsh waters moving forwards.** Because devolution took place in Scotland before the receipt of significantly enhanced revenues from a similar round of offshore wind leasing, the Scottish Government have benefited from a windfall. We have not seen evidence that devolution in Wales could now result in a similar windfall.
2. Should Wales secure devolution of the Crown Estate, the Scottish experience indicates that negotiations with the UK Government would involve a consequential adjustment in the block grant to reflect the income the Welsh Government would receive from the Crown Estate's assets in Wales. For the Welsh Government to benefit financially from devolution it would need to increase expected revenue more rapidly than the block grant adjustment by investing to enhance the value and grow the income of the Crown Estate in Wales. **Our investigation suggests that expected gross revenues would likely be less than £20m a year on average at the**

**point of transfer, not including the costs of replicating the functions required for managing the Estate.**

3. Evidence shared with the group indicates that The Crown Estate has provisionally allocated significant capital expenditure, expected to amount to hundreds of millions of pounds, to support a pipeline of interventions in the Celtic Sea offshore wind sector, aimed at enabling the fifth round of Offshore Wind projects and up to a further c.12 GW of capacity beyond this<sup>1</sup>. Delivery of this pipeline will require substantial investment in enabling infrastructure, including ports and associated supply chains, from which Wales is expected to benefit significantly and at a level which is disproportionate to the share of capacity located in Welsh waters. These plans indicate that the primary opportunities for Wales arising from offshore wind over the next decade involve securing new investment to maximise the role of Welsh ports within the offshore wind supply chains and seizing broader opportunities to leverage these investments to deliver co-ordinated placed based approaches to economic development across Wales.

We are recommending in the first instance that a new partnership should be established between The Crown Estate and Welsh Government to explore these opportunities and deliver shared outcomes for communities across Wales. This should include prioritising the identification of the enabling investment required to ensure that Wales derives maximum benefit from the offshore projects in the Crown Estate pipeline.

<sup>1</sup> [Future of offshore wind | The Crown Estate](#)

Within the context of significant historical windfalls from recent offshore wind licencing under Round 4 and fiscal transfers, this partnership should consider the contribution which income derived from these projects should make towards this investment. It should also consider whether further action is required to formalise and enhance existing working relationships to ensure the best possible alignment with Wales' broader economic policies.

At the same time – and in order to facilitate an evidence-based appraisal of the options for devolving some or all of The Crown Estate's functions to Wales – the Welsh Government should develop a business case highlighting the benefits which could be derived from devolution and assessing the structural and financial changes this would require.

The recommendations below propose a clear and pragmatic set of actions to achieve this for the next Welsh Government, UK Government, and the Crown Estate to consider:

<b>Recommendation 1:</b>	Both the UK Government and The Crown Estate should introduce Wales-specific financial and performance reporting as standard in The Crown Estate's annual reports and accounts, including disaggregated revenues, costs, investment pipelines, and risk analyses. This should include a full audit and valuation of Crown Estate assets and liabilities within Wales to inform any consideration of devolution implications.
<b>Recommendation 2:</b>	Formal agreement should be reached between the UK Government, The Crown Estate, Welsh Government and the Senedd regarding the annual disclosure of financial information, scrutiny arrangements and timetables for sharing Wales-specific data and impact assessments to ensure appropriate democratic oversight. <sup>2</sup>
<b>Recommendation 3:</b>	A new partnership should be established between The Crown Estate and Welsh Government to urgently identify the enabling investment required to ensure that Wales derives maximum benefit from the offshore projects in the Crown Estate pipeline.
<b>Recommendation 4:</b>	We believe the priority – once our final report has been produced – should be for the Welsh Government to produce a business case setting out the proposed structure, capacity, financial flexibilities, and reinvestment approach for its proposed devolved management of the Crown Estate in Wales to maximise the benefits to the people, communities and economy of Wales prior to entering negotiations with the UK Government regarding devolution.

<sup>2</sup> Currently, the Crown Estate lays its accounts at Westminster

# Interim Report of the Welsh Group on the Crown Estate

**1.** In September 2025, the Welsh Government set up the Welsh Group on the Crown Estate to implement the recommendation of the Independent Commission on the Constitutional Future of Wales, which recommended<sup>3</sup> reviewing the devolution settlement and inter-governmental engagement to ensure that Wales can harness its natural resources to maximise its contribution to net zero and to the local generation of renewable energy.

**2.** This group was also tasked with considering the governance and accountability of the Crown Estate, with the goal of providing a series of recommendations regarding the financial implications of the devolution of the Crown Estate in Wales, options to improve the accountability of The Crown Estate short of full devolution, and the practical implications of devolution on delivery within Wales.

**3.** This report has been informed by key contributions from members of our group who represent a range of technical expertise and practical knowledge alongside understanding of Welsh economic and social issues, relevant policy-makers within the Welsh Government, evidence submissions from The Crown Estate, and the Chief Executive of Crown Estate Scotland who shared knowledge and insight. We are grateful for their contributions. We are also grateful for the engagement we have received from The Crown Estate acting as observers to our sessions. Despite repeated

requests, the group was unable to secure any engagement from the UK Government. That is regrettable, but dialogue would be welcome if our recommendations are accepted.

## Summary of Crown Estate Activity in Wales

**4.** The Crown Estate is a statutory corporation established by the Crown Estate Act 1961 (as amended). Its core function is to manage the land, rights and interests that form the Crown Estate, and it has a statutory duty to maintain and enhance the Estate's value and the return obtained from it, with due regard to good management. Although the Estate is technically owned by the Monarch, the Crown no longer has any role in investment decisions concerning the Estate and the revenue derived from the Estate in England and Wales has accrued to HM Treasury for more than two centuries. In Wales, its assets mainly comprise the seabed and foreshore, alongside a smaller portfolio of urban and rural land. This means The Crown Estate plays a central role in areas such as offshore wind development, ports and marine infrastructure, and coastal access.

---

<sup>3</sup> The exact wording of the recommendation was: 'The Welsh and UK Governments should establish an expert group to advise urgently on how the devolution settlement and inter-governmental engagement in relation to energy could be reformed to prepare for rapid technical innovation in energy generation and distribution, to ensure that Wales can maximise its contribution to net zero and to the local generation of renewable energy. The remit of the group should include advising on the options for the devolution of the Crown Estate, which should become the responsibility of the devolved government of Wales, as it is in Scotland'

- 5.** The Crown Estate operates across England, Wales and Northern Ireland and has a small, dedicated team based in Wales, supported by specialists, who bring the technical expertise needed for marine planning, leasing, sustainability work, and commercial development.
- 6.** This Crown Estate activity is important to the sustainable economic future of Wales. The economic opportunities linked to marine energy including offshore wind management of the coastal and marine portfolio and the future net-zero economy are vital for Wales. The decisions being taken by The Crown Estate can shape jobs, investment and the future of Welsh communities.
- 7.** While The Crown Estate enables important investments in Wales, including renewable energy, environmental improvements, and nature recovery, it currently provides an overview of work in Wales through the Wales Review but limited Wales-specific information about its finances. We understand that a commitment has been made to publish further financial information at the end of this financial year. Decisions on investment are made at level aggregated to, England, Wales and Northern Ireland. The Crown Estate does not currently inform investment decisions based on geographical criteria. The revenue The Crown Estate generates in Wales goes directly to the UK Treasury for the benefit of the public purse where it is spent in line with UK Government priorities including to Wales through Barnett Consequentials and direct spending in reserved areas, but the benefits which flow to Wales are not separately identified.
- 8.** This lack of data relating to Wales has made it difficult for the public and Welsh institutions to fully understand the value of its work here. Clearer reporting and stronger local accountability would be helpful in demonstrating how Wales's natural assets are managed.

This, and the belief that greater local control would realise enhanced outcomes through alignment with other interventions, was a major factor behind all 22 councils supporting the call for devolution.

- 9.** At a high level, evidence presented to this group indicated strong alignment between [The Crown Estate's strategy](#) and legislation in Wales such as the Welsh economic, social and environmental priorities set out in the Well-being of Future Generations (Wales) Act 2016. The Crown Estate is also subject to the Section 6(1) duty under the Environment (Wales) Act 2016 and is required to report on how it delivers this duty. We have received consistent assurances of effective functioning of relationships at official level between the Welsh Government and The Crown Estate, in particular over the development of the Welsh Government's Marine Plan and a very clear statement of intent from The Crown Estate regarding sizable investment within Wales relating to offshore wind supply chains and port infrastructure.
- 10.** However, the informal and evolving nature of this relationship has meant the mutual benefits of the partnership have not been expressed in formal written commitments between The Crown Estate and the Welsh Government so this has not been communicated effectively to the people of Wales or been subject to appropriate public scrutiny.

## Opportunities from Devolution

- 11.** When discussing the potential devolution of the Crown Estate in Wales, we listened to evidence from representatives from the Independent Commission on the Constitutional Future of Wales (ICCFW), who outlined their reasons for supporting devolution, as well as from Crown Estate Scotland, who shared their experiences of the benefits gained and

challenges addressed since devolution in Scotland. Devolving the management of the Crown Estate to Wales would require legislation to be passed at Westminster.

**12.** Wales has the capability to establish its own devolved body to manage assets as evidenced by the successful establishment of the Welsh Revenue Authority and other successful devolved bodies but, as we heard in evidence, any such move should be considered carefully to ensure that the purpose and role of the body are well understood in advance. The case for a new body should ideally be supported by a formal business case to highlight the benefits it would bring and to demonstrate value for money.

## Crown Estate in Wales context

**13.** Having reviewed the information made available to us through this process, we have identified five potential gaps in public understanding relating to the Crown Estate and its operations within Wales:

**1. Revenues from offshore wind Option Fees could be considered as temporary windfalls and not part of the financial baseline for the Crown Estate in Wales.**

The Crown Estate currently raises most of its revenue in Wales from Offshore Wind, estimated in the period 2024 to 2025 as just under £500m from Round 4. Revenues raised through offshore wind Option Fees are determined by the market, and while it is the case that extraordinary revenues have been associated with Round 4 of Offshore Wind projects, these revenues are time-limited and front-loaded by design to incentivise developers to move forward projects at pace. The Crown Estate has shared with this group that it anticipates offshore wind-related revenue raised in Wales to drop by around 90% after 2026-27 as Round 4 Option fees fall away, and that Round 5 option will

be significantly lower as the global market is more challenging at this time. Round 5 also represents nascent Floating Offshore Wind Technology which is an early-stage deployment of commercial scale and therefore carries a different risk profile for developers. Of Round 5 projects, roughly 50% of the project space is in Welsh water, while the other 50% is based in English waters. The Crown Estate's Future of Offshore Wind<sup>4</sup> report has indicated that there are expected to be limited opportunities for future development in Welsh waters, with subsequent leasing rounds beyond Round 5 primarily located within English waters. However, Welsh infrastructure and supply chains should benefit from future leasing within the English waters of the Celtic Sea.

**2. Income from offshore wind option fees have accrued to the Scottish Crown Estate due to the timing of its devolution to Scotland.**

In securing devolution of the Crown Estate in Scotland in 2017, the Scottish Government negotiated a Barnett reduction (Block Grant Adjustment) in exchange for devolution based on revenues at the point of transfer. As this process occurred prior to subsequent offshore wind revenues, they have benefited from a windfall. Should the Welsh Government attempt to secure devolution of the Crown Estate now, the context for negotiations would be quite different, with high recent revenues and more constrained prospects for future revenues. Negotiating a fair deal would be challenging and unlikely to generate windfall gains. Should the UK Government judge that past negotiations were overly generous, there is also the possibility they could negotiate additional block grant adjustments to account for this (as has been the experience for Scotland.)

- 3. Devolution of the Crown Estate would come with opportunity costs, risks and liabilities.** Successfully delivering offshore wind leasing rounds requires significant technical expertise, the cost of which is minimised by The Crown Estate as they can take advantage of economies of scale, maximising the use of specialists on a range of issues. In the absence of these economies of scale, replicating this at a devolved level could be more expensive and may result in reduced returns. It would also be important to take into account that devolution would also transfer consequent liabilities, in particular with regards to decommissioning, and risks arising from any decline in revenues.
- 4.** The Crown Estate can use the new powers of the Crown Estate Act 2025 to borrow and invest based on its current asset base. At the moment it is unclear what borrowing powers and capacity a new, devolved, Welsh Crown Estate function would have. It should be anticipated such powers will come at an opportunity cost for the rest of the Welsh Government.
- 5. We have not seen compelling evidence that suggests devolution of the Crown Estate to Wales would materially fragment the UK Energy Market.** While devolution of the Crown Estate to Scotland has changed the balance of reserved and devolved government functions that affect the energy market across the UK, the market has adjusted to this change and the ambitious market response to subsequent leasing rounds in Scotland and in the rest of the UK indicates that devolution to Scotland has not had materially negative consequences for the wider UK energy market. The delivery of energy projects in Wales is already a shared responsibility between the UK Government and Welsh Government.

Welsh Ministers are already responsible for marine planning and licensing and are the decision makers through the planning process for a large proportion of major energy projects onshore (capped at 350MW for all technologies except wind) and offshore (capped at 350MW for all technologies). The UK Government then has responsibilities for several aspects crucial to the delivery of energy projects in Wales including subsidy through the Contracts for Difference while key enablers for energy deployment, including infrastructure for major electricity networks, are overseen by Ofgem as regulator.

- 14.** Having reviewed the evidence to date, we think that the primary driver for these gaps in understanding is a lack of information having been provided in an accessible and transparent format. This means that it is not easy for the people of Wales to understand the revenue flows, investment decisions, or the long-term implications for Welsh communities of The Crown Estate's activities within Wales.
- 15.** Throughout our engagement with The Crown Estate, we have, however, observed a clear recognition from its senior leadership, in particular from the current Chief Executive, that there is value and commitment to transparency. The Crown Estate has been particularly helpful in providing information to this group and we are grateful for this support. We also welcome the commitment to providing Wales specific figures in the upcoming Wales review and Annual Report. We also recognise that work is underway to appoint a Commissioner with special responsibility to give advice about Wales, which we welcome.
- 16.** We are clear that The Crown Estate and the UK Government should consider efforts to provide substantive analysis highlighting the costs and benefits of the current approach. Addressing this information deficit will be key to improving public trust and to allow appropriate scrutiny by Wales's democratic institutions.

**17.** It would be our expectation that strengthened analysis of the economic impact of The Crown Estate’s activities within Wales would help to offer reassurance to the people of Wales that they are benefiting from the economic activity taking place here and help inform discussions on preferred governance models moving forwards.

## New Partnership

**18.** The Crown Estate has published exciting long-term plans for developing offshore wind energy in the seas surrounding Wales. It is also encouraging that, subject to market conditions, The Crown Estate will, over the next decade, significantly increase investment in Wales in support of these plans.

**19.** We are clear that the overriding priority for Wales should be to maximise the economic benefits for Welsh communities associated with these developments. We believe that the scale of these potential benefits points to the need to immediately establish a formal partnership between The Crown Estate and the Welsh Government to identify the essential enabling investment that will be required if this goal is to be achieved at pace. It should be for the partnership to collaboratively determine the nature of this investment – both public and private – but in our investigations we have been made aware of the challenges surrounding improving port infrastructure, supply chains and developing the necessary workforce skills.

**20.** We have identified that there are already effective but informal working relationships between The Crown Estate and a range of Welsh organisations. This more formal partnership would be a more effective mechanism for ensuring that opportunities to promote local economic growth are not missed. It would also be very much in line with the principles and values of the Well-being of Future Generations (Wales) Act 2016 and designed to ensure effective collaboration across the public

and private sectors at the national, regional and local levels to develop a portfolio of place based investments. Each party to the collaboration will then be responsible for following their own required processes to deliver on any agreement in line with their legislative requirements.

**21.** We believe this strengthened relationship would also help to improve the accountability and transparency of Crown Estate activities in Wales while the business case for wider devolution is developed. This sort of partnership approach would also be consistent with similar agreements with UK-wide bodies operating within Wales and in other parts of Europe, such as Spain where a national framework is combined with a strong devolution of detailed implementation.

**22.** For this partnership to work effectively the appropriate level of capacity and expertise will need to be prioritised by all parties involved to ensure that investment priorities can be identified at pace in line with the timetables for wider offshore developments.

## Considerations for future governance models

**23.** The financial benefits in achieving any desired devolution would depend on the assets and liabilities transferred, negotiations on any block grant reduction and the design and remit of the replacement entity: its purpose, investment model, and guiding principles. In designing any potential alternative models, Welsh Government Ministers would need to consider capacity requirements and opportunity costs to achieve effective management of the Estate in Wales, informed as necessary by both The Crown Estate and Crown Estate Scotland as existing models.

**24.** The success of The Crown Estate in its current form derives from its technical expertise, international reputation, commercially driven investment model and financial flexibilities, benefits and the benefits deriving from the economies of scale of a structure spanning England, Wales and Northern Ireland.

**25.** While many of the effective aspects of The Crown Estate could be replicated at a Wales-wide or local level, the further fragmentation of Crown Estate management structures to a new devolved entity may create friction (although the Scottish experience indicates that this concern can be addressed through effective collaboration where required, and indeed that diverse models of management across the UK can provide a platform for new approaches and mutual learning) and require additional capacity to be prioritised to deliver at a similar level. This would come at an opportunity cost to the Welsh Government to a degree that has not yet been considered and quantified in a formal business case.

**26.** It is possible that Welsh Ministers would wish to make decisions regarding the compensation for communities hosting activities (e.g. new renewable energy infrastructure) and the prioritisation of Welsh firms within local supply chains, subject to any constraints which may be imposed by competition law. While there would be opportunities to align more effectively to any such priorities of Welsh Ministers, it should be anticipated that this would reduce the revenues returned to be spent on other priorities.

**27.** We have some concerns, in particular regarding the potential evidence gaps identified above, that there may be overly ambitious expectations regarding potential returns to the Welsh Government which may undermine the expectations of financial benefit to accrue from any proposed devolved function.

**28.** Our Recommendations are intended to reduce this evidence gap and provide the incoming Welsh Government with the ability to set out with clarity its intentions for a potential Crown Estate function in Wales and its priorities.

**29.** Should an incoming government want the activity of this Group to continue, it would be our intention to review the progress made in the delivery of each recommendation to resolve this evidence gap.

**30.** In due course, if the group were to continue, we would seek to publish a matrix to compare each option to help inform development of the business case advocated in Recommendation 4. This would be published as part of our final report, including a full options analysis for future governance of the Crown Estate in Wales. Information on financial flows, costs and benefits would be essential for completing a meaningful analysis.

## Conclusion

**31.** Taken together, the recommendations in this interim report are intended to secure a clear and pragmatic pathway to maximising the benefits of the Crown Estate for the people, communities and economy of Wales for the next Welsh Government, UK Government, and The Crown Estate to consider.

**32.** In the near term, these steps would improve public confidence and help ensure that existing and planned Crown Estate activity and interventions deliver tangible, place based benefits across Wales. In the medium term, they would provide a robust, evidence based foundation to inform future choices about governance and devolution. In the long term, Wales should be able to secure the optimal governance structure that will best deliver Wales's expressed long-term preference.