

Framework Document: The Crown Estate

May 2025



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

Framework Document: The Crown Estate

Table of Contents

Introduction and background	5
1. Purpose of document	5
2. Objectives.....	6
3. Classification and ownership	6
Purpose, duty and powers.....	7
4. Purpose	7
5. Powers and duties.....	7
6. Strategic Objectives	8
Governance and accountability	9
7. Governance and accountability	9
Role of HM Treasury.....	9
8. Sponsoring department and minister	9
9. The Principal Accounting Officer (PAO)	9
10. The role of the sponsorship team	10
11. Freedom of Information requests.....	10
12. Reporting on legal risk and litigation.....	11
The Crown Estate's governance structure	11
13. Responsibilities of The Crown Estate's Chief Executive as Accounting Officer	11
14. Responsibilities for accounting to Parliament and the public.....	11
15. Responsibilities to HM Treasury	12
16. Responsibilities to the Board	12
17. The Board.....	12
18. The Chair's role and responsibilities.....	14
19. Individual Board members' responsibilities.....	14
Management and financial framework	15
20. HM Treasury guidance.....	15
21. Delegated authorities.....	15
22. Banking, loans and working capital	16

24. Risk management	16
25. Counter fraud and theft	16
26. Remuneration and staff.....	16
Business plans, management information and audit	18
27. Strategic and business plans.....	18
28. Financial Reporting Annual report and accounts.....	19
29. Information provided to HM Treasury	20
30. Audit	21
31. Managing Conflicts	21
Annex A: Guidance	23
Corporate governance	23
Financial management and reporting.....	23
Management of risk.....	23
Commercial management.....	23
Public appointments	23
Staff and remuneration.....	24
General	24
Other Guidance	25

Introduction and background

1. Purpose of document

- 1.1 The Crown Estate traces its origins back several hundred years. It is a body established in perpetuity under The Crown Estate Act 1961 as amended by the Crown Estate Act 2025 (together referred to as “the Act”). The Act establishes the Crown Estate as a trust estate, independent of government and the Monarch, who are its dual beneficiaries. In short summary, it has a public function to:
 - maintain and enhance land and other assets which it holds on behalf of the Monarch “in right of the Crown”; and
 - pay its net revenue profit each year to the Consolidated Fund.
- 1.2 This framework document (the “framework document”) has been agreed between HM Treasury and The Crown Estate in accordance with HM Treasury's handbook Managing Public Money¹ (“MPM”) (as updated from time to time).
- 1.3 The framework document sets out the broad governance framework within which The Crown Estate and HM Treasury operate. It sets out:
 - The Crown Estate's core duties and powers;
 - the governance and accountability framework that applies between the roles of The Crown Estate and HM Treasury;
 - how the day-to-day relationship works in practice, including in relation to governance and financial matters, building upon the framework established by the Act.
- 1.4 The Act takes precedence over this document, which does not convey any legal powers or responsibilities but both parties agree to operate within its terms and it informs The Crown Estate's dealings with other government departments.
- 1.5 Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on both gov.uk² and The Crown Estate's website: <https://www.thecrownestate.co.uk/>.

Amendments to and interpretation of this document

- 1.6 Any amendment, update or replacement of any provision of this document shall be agreed by the parties, from time to time, in writing and must be consistent with the Act (as may be amended, updated or replaced from this date).
- 1.7 If a situation arises in which The Crown Estate considers that this document does not adequately address the risks that it is facing, the parties will discuss the situation and, if agreed, amend, update or replace this document or if considered appropriate, otherwise record any new arrangements in writing between them.
- 1.8 This framework document should be reviewed regularly and updated at least

¹ <https://www.gov.uk/government/publications/managing-public-money>

² <https://www.gov.uk/government/publications/hm-treasury-framework-documents>

every three years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury. The latest date for review and updating of this document is 31 March 2028.

- 1.9 References to (including extracts and summaries of) a statute or statutory provision include and shall be read as a reference to that statute or provision as from time to time modified, re-enacted or consolidated whether before or after the date of this document, and any subordinate legislation made from time to time under that statute or statutory provision which is in force at the date of this document.
- 1.10 References to The Crown Estate in this document shall also be taken to include any subsidiaries, joint ventures or associate undertakings of The Crown Estate over which it exercises effective control.

2. Objectives

- 2.1 HM Treasury and The Crown Estate share the common objective of ensuring that The Crown Estate fulfils its duty under the Act to maintain and enhance the value of its estate and the return obtained from it, with due regard to the requirements of good management. To achieve this, The Crown Estate and HM Treasury will work together in recognition of each other's roles and areas of expertise, providing an effective environment for The Crown Estate to achieve its objectives through the promotion of partnership and trust.

3. Classification and ownership

- 3.1 The Crown Estate has been classified as a non-financial public corporation by the ONS.
- 3.2 The Crown Estate Commissioners (in the Act referred to as “the Commissioners”) are constituted as a body corporate for all purposes, charged 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 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 are known as the Crown Estate.
- 3.3 The Crown Estate is overseen by its board of Commissioners, which is independent of HM Treasury, which has no involvement in the day-to-day running or operation of The Crown Estate. The Act provides that The Crown Estate shall comply with such directions as to the discharge of its functions under the Act as may be given to it in writing by the Chancellor of the Exchequer or the Secretary of State. Such a direction may only be given if it is in accordance with The Crown Estate’s statutory duties.
- 3.4 HM Treasury and The Crown Estate are committed to regular dialogue and a constructive and transparent relationship. If the possibility of a direction being given were ever to be under consideration, HM Treasury (or the Scotland Office³

³ Following devolution of The Crown Estate’s management duties in Scotland on 1 April 2017 to a nominee of the Scottish Ministers, the

as the case may be) will discuss the matter with The Crown Estate to see whether a jointly agreed course can be reached informally so removing the need for any direction to be given. Such directions may result in an amendment to this framework document to record the agreed understanding.

Purpose, duty and powers

4. Purpose

- 4.1 The Crown Estate's purpose is set out in section 1(1) of the Act and copied below:
"managing and turning to account land and other property, rights and interests, and of holding such 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".
- 4.2 The Crown Estate is a unique business with a diverse portfolio that includes real estate across England, Wales and Northern Ireland, a rural portfolio, the Windsor estate and management of the seabed and half the foreshore around England, Wales and Northern Ireland. It plays a fundamental role in the sustainable development of this national asset, including the UK's world-leading offshore wind, renewables and greenhouse gas reduction technologies. In acquiring, managing, investing and developing its assets, The Crown Estate seeks to create lasting and shared prosperity for the nation, leaving a positive legacy for generations to come. It focusses on building strong collaborative relationships with customers, stakeholders and communities, challenging itself to deliver against key social and environmental as well as financial criteria.

5. Powers and duties

- 5.1 The Crown Estate's two beneficiaries are government and the Monarch and its core duty to each of them is set out in section 1(3) of the Act as being:
"while maintaining the Crown Estate as an estate in land (with such proportion of cash or investments as seems to [the Commissioners] to be required for the discharge of their functions), to maintain and enhance its value and the return obtained from it, but with due regard to the requirements of good management."
- 5.2 The Crown Estate's duty to the Monarch arises from the fact that its estate is held "in right of the Crown". Its duty to the government arises from the fact that legislation requires its net revenue profit to be paid into the Exchequer and be made part of the Consolidated Fund. HM Treasury and The Crown Estate have agreed that such payment shall be made to the extent that the Commissioners believe that making the payment will leave The Crown Estate with sufficient funds that could be needed to meet its projected obligations and liabilities. In making their assessment, the Commissioners will take into account any known contingent liabilities. If those liabilities are considered by them to be remote, The Crown Estate will notify HM Treasury of their existence and potential quantum and the reasons why liability is considered to be remote and the parties will discuss what arrangements, if any, might be put in place to cover the risk of those

liabilities crystallising. If none, HM Treasury recognises that (should the liabilities crystallise) The Crown Estate might have insufficient funds to meet them and that exceptional arrangements would need to be put in place.

- 5.3 The Crown Estate's powers are derived from the Act. Section 1(4A) provides that the powers exercisable by the Commissioners in discharge of their functions under the Act include powers to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of those functions.
- 5.4 The obligation in section 1(3A) of the Act to keep under review the impact of its activities on sustainable development means The Crown Estate will continue to have regard for the impact of its activities on the environment, society and the economy. That includes, where relevant, consideration of relevant legislation such as Part 1 of the Climate Change Act 2008, section 56 of the Climate Change Act 2008 and sections 1 to 3 of the Environment Act 2021. The Crown Estate will also continue to include in its Annual Report a report of their activities in terms of sustainable development. It will also continue to keep under review the environmental impact and animal welfare standards of salmon farms on its estate.
- 5.5 Section 3B of the Act requires The Crown Estate to obtain the consent of HM Treasury to permanently dispose of any part of the territorial seabed forming part of The Crown Estate, as defined in the Act. Without prior consent any purported disposal is void. One example of where such consent might be granted would be the permanent disposal of part of the seabed to support a nationally significant infrastructure project.
- 5.6 The Crown Estate does not require the consent of HM Treasury in respect of leasing or licensing any part of the territorial seabed.

6. Strategic Objectives

- 6.1 The Crown Estate's strategy, as approved by its Board from time to time, provides the framework (to be delivered through business plans) to effectively discharge the Commissioners' responsibilities under the Act. The Crown Estate's strategic ambition, in optimising returns to HM Treasury, is to promote economic growth and drive improved productivity through all its activities. The Crown Estate draws upon its long history, its position between the public and private sectors, its long-term perspective and its ability to convene and to enable in order to play an important role in responding to national needs. More specifically, The Crown Estate's Strategic Objectives are to:
 - responsibly deliver financial returns on behalf of the nation
 - be a leader in supporting the UK towards an energy secure and a net zero carbon future;
 - help create thriving communities and renew urban centres in London and across the UK; and
 - take a leading role in stewarding the UK's natural environment and biodiversity.
- 6.2 This ambition is set out in detail in The Crown Estate's Integrated Annual Report and Accounts 2023-24, which can be found on The Crown Estate website: <https://www.thecrownestate.co.uk/about-us/annualreport>.

Governance and accountability

7. Governance and accountability

- 7.1 The Crown Estate shall operate corporate governance arrangements that, so far as practicable and in the light of the Act and the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 7.2 In particular (but without limitation so far as is consistent with the Act), The Crown Estate should comply with:
- the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code⁴ (as amended and updated from time to time) to the extent appropriate to The Crown Estate or specify and explain any non-compliance in its annual report, and notify HM Treasury in advance
 - take into account and comply with, the codes of good practice and guidance set out in Annex A of this framework document, as they apply to public corporations
 - all public undertakings given on its behalf by ministers in Parliament to follow the law "by analogy" where Crown bodies are not bound by the specific legislation in question.

Role of HM Treasury

8. Sponsoring department and minister

- 8.1 HM Treasury is The Crown Estate's sponsor department and the Chancellor of the Exchequer is its sponsoring Minister and will account in Parliament for The Crown Estate on all matters concerning The Crown Estate. The Chancellor of the Exchequer may delegate some of their duties and responsibilities to junior Ministers. The Crown Estate's working relationship is with the Treasury Officer of Accounts ("TOA") and the TOA's team ("TOA team") who facilitate and support wider relationships with ministerial and policy teams.
- 8.2 The Chancellor of the Exchequer's and HM Treasury's statutory powers in respect of The Crown Estate are set out at sections 3 and 5 above.

9. The Principal Accounting Officer (PAO)

- 9.1 The Principal Accounting Officer (PAO) is the Permanent Secretary of HM Treasury.

⁴ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

PAO's specific accountabilities and responsibilities

- 9.2 The PAO is responsible for advising the Chancellor of the Exchequer on:
- how well The Crown Estate is achieving its strategic objectives and whether it is delivering value for money
 - via the TOA and the TOA team, the exercise of the Chancellor of the Exchequer's statutory power of direction concerning The Crown Estate as outlined above.
- 9.3 The PAO via the TOA and the TOA team is also responsible for ensuring arrangements are in place in order to:
- review The Crown Estate's activities and performance
 - make such representations as are appropriate
 - identify significant issues in The Crown Estate
 - periodically carry out an assessment of the risks both to HM Treasury and The Crown Estate's objectives and activities in line with the wider departmental risk assessment process
 - inform The Crown Estate of relevant government policy in a timely manner
 - bring Treasury Ministers' concerns about the activities of The Crown Estate to the attention of The Crown Estate, requiring explanations and assurances.

10. The role of the sponsorship team

10.1 HM Treasury is the government policy sponsor of The Crown Estate. The TOA is responsible for discharging the responsibilities of HM Treasury. The TOA and TOA team is the primary contact between HM Treasury and The Crown Estate, as well as the main source of advice to the Chancellor of the Exchequer and the PAO on the discharge of their responsibilities in respect of The Crown Estate. The Crown Estate engages with the TOA as the initial point of contact between The Crown Estate and HM Treasury.

- 10.2 The TOA and TOA team will:
- establish and maintain appropriate and effective governance between HM Treasury and The Crown Estate
 - ensure arrangements for the recruitment and appointment of any member of The Crown Estate's Board are in line with HM Government's Governance Code on Public Appointments
 - promote effective relationships between HM Treasury and The Crown Estate
 - discuss business planning and strategy with The Crown Estate
 - advise The Crown Estate of relevant policy and guidance in a timely manner
 - promote the organisational capability of The Crown Estate
 - promote high quality and effective leadership in The Crown Estate.

11. Freedom of Information requests

- 11.1 Where a request for information is received by either party under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

12. Reporting on legal risk and litigation

- 12.1 The Crown Estate shall advise the TOA of the existence of any significant litigation and any threatened or reasonably anticipated significant litigation and do so in a timely manner. HM Treasury and The Crown Estate acknowledge the importance of ensuring that legal risks are communicated appropriately in a timely manner.
- 12.2 In respect of each substantial piece of litigation involving The Crown Estate, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to HM Treasury to facilitate this. Until such time as a protocol is agreed, both parties will ensure that:
 - material developments in the litigation are communicated in an appropriate and timely manner
 - legally privileged documents and information are clearly marked as such
 - individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
 - circulation of privileged information within government occurs only as necessary.

The Crown Estate's governance structure

13. Responsibilities of The Crown Estate's Chief Executive as Accounting Officer

- 13.1 The Chief Executive shall be a permanent employee of The Crown Estate, appointed through a process that adheres to best practice guidance for appointments in being open, fair and transparent.
- 13.2 The PAO has designated The Crown Estate's Chief Executive as The Crown Estate's Accounting Officer.
- 13.3 The Crown Estate adopts the principles for managing public resources set out in section 1.1 of MPM and its Chief Executive, as Accounting Officer, shall (subject always to the prevailing duties imposed by the Act) ensure that The Crown Estate operates effectively and to a high standard of probity in accordance with the requirements of section 3.3 of MPM. The provisions of MPM which do not apply to The Crown Estate are set out in the letter of appointment of the Accounting Officer.
- 13.4 A full outline of the responsibilities of the Chief Executive as Accounting Officer is set out in their letter of appointment.

14. Responsibilities for accounting to Parliament and the public

- 14.1 Responsibilities to Parliament and the public include:
 - Complying with the provisions of section 2 of the Act in relation to the

- maintenance of accounts and provision of reports
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about The Crown Estate are established and made widely known within The Crown Estate
- acting in accordance with relevant principles in MPM which it has been agreed that The Crown Estate should comply with, as set out in the Accounting Officer's appointment letter.
- ensuring that as part of the above compliance The Crown Estate are familiar with and act in accordance with:
 - the Act
 - this framework document
 - giving evidence, normally with the PAO, when summoned before any Parliamentary Select Committee on The Crown Estate's stewardship of public funds.

15. Responsibilities to HM Treasury

15.1 Responsibilities to HM Treasury include:

- discussing with TOA The Crown Estate's strategy and business plan
- informing TOA of progress in achieving its strategy as appropriate and in demonstrating how resources are being used to achieve those plans
- ensuring that timely forecasts and information on performance and finance are provided to TOA
- notifying TOA in a timely fashion of any significant risks whether financial or otherwise, to The Crown Estate's strategy, business plan or reputation.

16. Responsibilities to the Board

16.1 The Chief Executive is responsible for:

- advising the Board on the discharge of The Crown Estate's responsibilities as set out in the Act, in this framework document and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on The Crown Estate's performance compared with its aims and objectives as set out in the strategic plan
- ensuring that in reaching and executing its decisions, the Board ensures that they comply with the Act
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed
- ensuring (subject always to the prevailing duties imposed by the Act) that The Crown Estate complies with MPM as set out in paragraph 13.3 above and that The Crown Estate's Board understands its responsibilities in terms of the expectations HM Treasury has of The Crown Estate in respect of MPM.

17. The Board

Composition of the Board

- 17.1 The Crown Estate's Board consists of its Commissioners. In accordance with the Act, The Crown Estate's Commissioners are appointed by the Monarch under the Royal Sign

Manual on the recommendation of the Chancellor of the Exchequer to the Prime Minister from candidates identified by a selection panel on which HM Treasury is represented. They shall hold and vacate office in accordance with the terms of their warrant of appointment and, on vacating office, shall be eligible for re-appointment. No recommendation may be made to the Monarch for the appointment of a person as a Commissioner responsible for giving advice about Wales or a Commissioner responsible for giving advice about Northern Ireland unless Welsh Ministers or the Executive Office in Northern Ireland have been consulted, in accordance the paragraph 1 of Schedule 1 of the Act.

- 17.2 In accordance with the Act, there shall be such number of Commissioners, not exceeding twelve, as the Monarch may from time to time determine. One of them is appointed as First Crown Estate Commissioner and Chair.
- 17.3 The Board is led by its Chair, supported by its Chief Executive. At no time shall there be more than four executive Board members, including the Chief Executive. Non-executive Board Members must remain in the majority at all times. The Board is assisted by co-optees known as Board Counsellors, who (at the discretion of the Chair) shall attend Board meetings in a non-voting capacity. Unless appointed as a Commissioner, The Crown Estate's Chief Financial Officer shall also attend in a non-voting capacity.
- 17.4 The general principle is for each non-executive Board Member to have skills and experience which are relevant to The Crown Estate's business and to be appointed for up to four years. In general, appointments as non-executive Board Member or as Board Counsellor may be renewed up to a further four years. In exceptional circumstances, a non-executive Board Member may serve on the Board, as a Board Member, for a further two years and for not more than ten years in total. A non-executive Board Member, after serving eight years on the Board, may be appointed as a Board Counsellor for up to two years. All appointments should have regard to the principles set out in the Government's Governance Code on Public Appointments.
- 17.5 In accordance with the Act, Commissioners (other than the Chief Executive Officer or any other member of The Crown Estate's executive management team) are paid such salary as HM Treasury may determine.

Role of the Board

- 17.6 The Board operates independently of government and has the power to regulate its own procedure, and at meetings of the Board the quorum shall be such as the Commissioners may from time to time determine.

Board committees

- 17.7 It is the responsibility of the Board to constitute such committees as necessary for it to fulfil its functions. In line with the UK Corporate Governance Code⁵ as a minimum the Board should have three committees: audit and risk, remuneration and nomination.
- 17.8 The Board may constitute other committees as it deems appropriate and in line with corporate governance arrangements set out in section 7 of this document. The terms of reference of each committee set out its responsibilities and the authority delegated to it by the Board.

⁵ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

18. The Chair's role and responsibilities

18.1 The Chair should lead the Board in providing support and challenge to The Crown Estate's Chief Executive and the executive team.

18.2 The Chair has the following leadership responsibilities:

- formulating the Board's objectives
- ensuring that the Board complies with any direction given in writing by the Chancellor of the Exchequer or the Secretary of State under and in accordance with the Act
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety
- representing the views of the Board to the general public.

18.3 The Chair also has an obligation to ensure that:

- there is regular review of the balance of skills and diversity the Board should contain, appropriate to directing The Crown Estate's business
- the Chair, together with the other board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities and the Chair assesses the performance of individual Board members regularly and when being considered for re-appointment
- there are regular internal and external reviews of Board performance and composition, with an externally facilitated Board evaluation at least every three years
- that HM Treasury is advised as appropriate of The Crown Estate's needs when Board vacancies arise. The Chair will discuss board composition, external board review and succession plans with HM Treasury from time to time
- there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the UK Corporate Governance Code⁶
- there is a code of practice for Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies⁷.

18.4 The Chair is bound by the Code of Conduct for Board Members of Public Bodies⁸ which covers conduct in the role and includes the Nolan Principles of Public Life⁹.

18.5 The Chair will appoint a non-executive Commissioner to act as The Crown Estate's Senior Independent Director, who will undertake an annual evaluation of the Chair's performance.

19. Individual Board members' responsibilities

19.1 Individual Board Members (and Counsellors) should:

- comply at all times with the Code of Conduct for Board Members of Public

⁶ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

⁷ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

⁸ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

⁹ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest

- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors¹⁰ as appropriate and not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments
- in accordance with the UK Corporate Governance Code¹¹, additional external appointments by all board directors should not be undertaken without prior approval of the Chair
- act in good faith and in the best interests of The Crown Estate and in accordance with their statutory, common law and fiduciary duties as directors
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.

19.2 In addition to the above responsibilities, those appointed as Commissioners with special responsibility pursuant to paragraph 1(3B) of Schedule 1 of the Act have additional responsibility to give advice about conditions in England, Wales or Northern Ireland as appropriate and so far as it relates to the functions of the Commissioners in relation to the land there.

Management and financial framework

20. HM Treasury guidance

20.1 The activities, roles and responsibilities of The Crown Estate as described in this document should comply with the principles for managing public resources set out in section 1.1 of MPM and (subject always to the prevailing duties imposed by the Act) The Crown Estate shall operate effectively and to a high standard of probity in accordance with the requirements of paragraph 3.3 of MPM.

21. Delegated authorities

21.1 The Board is responsible for establishing appropriate delegations with The Crown Estate's executive team.

21.2 As a self-funding Public Corporation and consistent with the Commissioners' statutory status, The Crown Estate is not subject to delegated limits from HM Treasury and as such is considered to have unlimited delegations unless otherwise specified in this document; however, HM Treasury expects The Crown

¹⁰ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

¹¹ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

Estate to inform the TOA of any matters concerning spending, income or finance that are novel, contentious or repercussive.

22. Banking, loans and working capital

- 22.1 In accordance with the provisions in the Act, The Crown Estate may borrow money, subject to Treasury consent. The borrowing framework is set out in a separate Memorandum of Understanding.
- 22.2 HM Treasury and The Crown Estate have agreed that The Crown Estate's exposure to indirect borrowing through joint ventures (including English limited partnerships) will be no more than 40% in one vehicle and in aggregate should not exceed 10% of The Crown Estate's net asset value. This is subject to market fluctuations in net asset value, and so levels will be reviewed with HM Treasury as appropriate (and at least once a year) and corrective actions agreed should loan values exceed the above threshold.

23. Risk management

- 23.1 The Crown Estate shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with the Act and with relevant aspects of best practice in corporate governance.

24. Counter fraud and theft

- 24.1 The Crown Estate should adopt and implement policies and practices to safeguard itself against fraud and theft. It should take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract.
- 24.2 The Crown Estate should keep records of, and prepare and forward to, HM Treasury an annual report on fraud and theft suffered by it and notify HM Treasury of any unusual or major incidents of either that have led, or may lead, to serious loss as soon as possible. HM Treasury will then notify Parliament of any serious losses.

25. Remuneration and staff

Status of The Crown Estate's employees

- 25.1 The Crown Estate's staff are not civil servants and therefore the annually updated Civil Service Pay Guidance¹² does not apply. They are employees of The Crown Estate.

Terms and Conditions

- 25.2 The terms and conditions of The Crown Estate's staff are set out in employment contracts and within The Crown Estate's employment policies.

Remuneration policy

- 25.3 The remuneration policy and framework for The Crown Estate's staff is the responsibility of the Board's Remuneration Committee. The Committee will

¹² <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-202122>

share any planned changes to the remuneration framework with HM Treasury to seek its agreement. To attract and retain the capability and skill needed to drive the delivery of the activities and objectives of The Crown Estate described in this document and to run The Crown Estate effectively, the Remuneration Committee's approach to remuneration packages (as reflected in the Remuneration Committee's terms of reference) is that they should:

- promote the long-term interests of The Crown Estate, having regard to the duties of the Commissioners, in particular the statutory requirement to maintain and enhance the value of the estate and the return obtained from it with due regard to the requirements of good management
- be sufficient to attract and motivate high calibre individuals and skills
- be structured to link remuneration of all employees to performance in line with The Crown Estate's strategy and performance
- be aligned with the objectives set out in this document
- deliver value for money
- take account of MPM principles.

25.4 The current remuneration framework set by the Remuneration Committee and agreed by HM Treasury is aligned to a structure that is common practice in private sector commercial organisations and consists of three broad elements:

- base salaries - set by reference to the market rate for the specific post (except for the Chief Executive – see paragraph 25.5)
- annual performance bonuses - with a total bonus pool set annually as part of The Crown Estate's business planning cycle agreed by the Board and determined by a formula comprising delivery of targets for revenue enhancement, capital enhancement and sustainability (the pool being subject to review to take account of any exceptional intervening events) with individual bonuses reflecting both those targets and performance against other KPIs relating to the quality of earnings, individual and business unit performance
- a long-term incentive plan (LTIP) for the most senior, highest potential and value creating roles, noting that no individual remuneration package will exceed the maximum potential of the Chief Executive's total reward package.

25.5 The Remuneration Committee is also responsible for the remuneration of the Chief Executive, operating in line with paragraphs 25.3 and 25.4 above. In addition:

- the Chief Executive will be The Crown Estate's highest paid employee
- the clear majority of the Chief Executive's total reward package should be conditional upon performance, with a significant element of that conditional upon long term performance
- total maximum remuneration of the Chief Executive should be in line or below that of the lower quartile of an appropriate benchmark group agreed with HM Treasury
- each of the three broad elements (base salary and allowances, annual performance bonus and long-term incentive plan payments) should be set at a significant discount to the median of the agreed benchmark group, comparing maximum with maximum.

Broad responsibilities regarding staff

- 25.6 The Act provides that the Commissioners may appoint, for employment in their office, such officers and servants as they may, with the approval of HM Treasury as to numbers and conditions of service, determine. Approval of numbers is provided by the annual budgeting process referred to at paragraph 28.3 below and any material amendment to the existing standard conditions of service for staff which The Crown Estate wishes to make shall be discussed with HM Treasury.
- 25.7 The Crown Estate is solely responsible for all other staff matters.
- 25.8 It is the responsibility of the Crown Estate to ensure it complies with the IR35 requirement.
- 25.9 Special severance payments must be approved by HM Treasury in accordance with the official guidance¹³.
- 25.10 Confidentiality clauses that are used in any Settlement Agreement for a special severance payment will include exceptions to allow for disclosure by The Crown Estate and any individual in appropriate circumstances. The wording of any confidentiality clause will reflect relevant public sector guidance¹⁴ and any other relevant regulatory requirements.
- 25.11 Salary sacrifice schemes must be consistent with MPM guidance on tax planning.
- 25.12 The Crown Estate's travel policy must be consistent with public sector guidance, with first class travel restricted to exceptional cases¹⁵. The travel and related expenses of Board members will be tied to the rates allowed to senior staff of The Crown Estate.
- 25.13 The Crown Estate's Annual Report should contain full details of the remuneration of Board Members and Counsellors, provide information in bands for executive committee members paid above the government remuneration threshold from time to time, and report the numbers of other staff (without names) paid above the remuneration threshold¹⁶ set by government from time to time.
- 25.14 The Crown Estate must not offer allowances that may be considered novel, contentious or repulsive.

Business plans, management information and audit

26. Strategic and business plans

¹³ [SPECIAL SEVERANCE GUIDANCE v3 FINAL.pdf \(publishing.service.gov.uk\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817156/Cabinet-Office-guidance-on-settlement-agreements-special-severance-payments-on-termination-of-employment-and-confidentiality-clauses.pdf)

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817156/Cabinet-Office-guidance-on-settlement-agreements-special-severance-payments-on-termination-of-employment-and-confidentiality-clauses.pdf

¹⁵ <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

¹⁶ [Guidance for approval of senior pay final 2021 Version.pdf \(publishing.service.gov.uk\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817156/Cabinet-Office-guidance-on-settlement-agreements-special-severance-payments-on-termination-of-employment-and-confidentiality-clauses.pdf)

- 26.1 The Business Plan shall set out how The Crown Estate will achieve its Strategic Objectives.
- 26.2 The Business Plan will be developed, reviewed and updated by the Board and shared with the TOA. Among other things, it shall include:
- financial information at a level of detail covering a three-year forecast period, including an income statement, balance sheet, cashflow statement and explanatory narrative regarding assumptions
 - description of how the Strategic Objectives are being fulfilled in the current period and for the future including clear descriptions of risks and opportunities to the plan
 - a set of Key Performance Indicators (KPIs) to allow the Board to track performance against the plan.
- 26.3 Currently (and until agreed otherwise to reflect changed market conditions), The Crown Estate measures its performance against:
- the revenue targets agreed with the Board and discussed with HM Treasury;
 - an appropriate real estate market total return benchmark (MSCI) and bespoke milestones for its marine business unit; and
 - sustainability targets updated from time to time as appropriate.
 - the Remuneration Committee should report to HM Treasury on each of these, annually no later than and in addition to The Crown Estate making any required disclosures in its Annual Report and Accounts.

27. Financial Reporting annual report and accounts

- 27.1 The Crown Estate's financial statements are prepared in accordance with the requirements of the Act and with HM Treasury's accounts directions made under the Act. Reflecting the fact that The Crown Estate has two beneficiaries (government and the Monarch), the Act sets out a requirement that The Crown Estate reports two separate performance statements – the capital and revenue accounts. Classification of transactions between these accounts is clarified and documented from time to time. The classification of transactions between these accounts is set out in the Treasury's accounts direction, which is published as an appendix to The Crown Estate's annual report and accounts.
- 27.2 Under the Act, the Commissioners are required to make proper adjustments between the capital and revenue accounts (including provision, where appropriate, for recouping capital expenditure out of income). In determining the amount that shall be transferred to the capital account to enable the Commissioners to fulfil their duty to maintain and enhance the value of the estate, the Commissioners calculate a percentage of the proportionately consolidated revenue of the business (excluding service charges) as per The Crown Estate's audited accounts. That percentage is applied as a deduction to the current year net revenue surplus of The Crown Estate. The agreed percentage is published in The Crown Estate's Annual Report and Accounts. The total adjusted is to be inclusive of depreciation and the mines moiety transfer that is separately stipulated within the Act. The total will be increased by the extent of any Pillar Two Domestic Top-up Tax which shall have been paid during the course of the year.
- 27.3 The Crown Estate publishes an Annual Report and Accounts which is laid before Parliament before the summer recess each year. Historically, these have

included Resource Accounts but in accordance with the Act they are no longer required beyond FY25/26. It also makes available unaudited reports for Wales and Northern Ireland. These are supplied to the devolved administrations for information.

27.4 The Annual Report and Accounts, and publication of them, are solely the responsibility of The Crown Estate's Board. In preparing the Annual Report and Accounts, the Board is required:

- to observe the accounts directions issued by HM Treasury, including the relevant accounting and disclosure requirements
- apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed
- disclose and explain any material departures in the financial statements
- (as appropriate) prepare the financial statements on a going concern basis
- to comply with the UK Corporate Governance Code¹⁷ to the extent applicable
- report on the activities of the Commissioners under any partnership which is operation between The Crown Estate and Great British Energy including reporting on any effects or benefits which were the result of any such activities.

27.5 The Annual Report and Accounts shall be made available on The Crown Estate's website.

28. Information provided to HM Treasury

28.1 The Crown Estate will facilitate HM Treasury in fulfilling its function by providing relevant information on request including on, but not limited, to strategic plans, financial forecasts and budgets, financial performance, achievements against targets, capital expenditure and investment decisions, governance matters including board appointments and remuneration and reports on key corporate risks.

28.2 HM Treasury is charged with general oversight of The Crown Estate's business. The Crown Estate therefore supplies HM Treasury, aiming for no surprises, by way of written updates (consistent with updates received by the Board) at least twice a year and by regular oral updates throughout the remainder of the year, information about performance consistent with the approved target framework (see paragraph 26.3 above), covering both financial performance and other relevant aspects (for example sustainability).

28.3 In addition to ad-hoc meetings as business dictates involving the PAO and The Crown Estate's Chair and Chief Executive and regular dialogue between The Crown Estate's Chief Executive and the TOA in which The Crown Estate shall provide such information in relation to the affairs of The Crown Estate as the PAO and TOA may reasonably require, the following are ordinarily discussed with HM Treasury each year:

¹⁷ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

- in Spring, the business plan, budget and revenue targets looking forward to the next financial year and projecting the two following financial years ahead; and in Autumn, the annual review of the strategy.
- 28.4 The Crown Estate discusses with HM Treasury its revenue targets for three years ahead and reviews them with HM Treasury annually. The targets take account of the likely development of the income stream from The Crown Estate's business units, as well as market and general economic conditions.

29. Audit

- 29.1 As at the date of this document, the Comptroller and Auditor General (the "C&AG"), operating through the National Audit Office, shall be appointed as The Crown Estate's auditor.
- 29.2 The C&AG may carry out value for money studies of The Crown Estate under the National Audit Act 1983, examining the economy, efficiency and effectiveness with which The Crown Estate and/or its subsidiaries have used their resources in discharging their functions. The Crown Estate will make available to the C&AG its accounts and other relevant information, documents and access to staff as necessary for such examinations.
- 29.3 The Crown Estate will maintain an internal audit function (with or without external professional support) who will report to the Audit Committee and will cover (among other things) matters relating to risk management and internal controls, including compliance with the terms of this framework document.

30. Managing Conflicts

- 30.1 The Chief Executive should follow the advice and direction of the Board, except in very exceptional circumstances with a transparent rationale for not doing so.
- 30.2 The Accounting Officer must take care that their personal legal responsibilities do not conflict with their duties as a Board member. In particular, the Accounting Officer should vote against any proposal which appears to cause such a conflict; it is not sufficient to abstain.
- 30.3 If the Chair or Board is minded to instruct the Accounting Officer to carry out a course inconsistent with their duties as Accounting Officer, then the Accounting Officer should make their reservations clear, preferably in writing. If the Board is still minded to proceed, the Accounting Officer should then:
- ask the PAO of HM Treasury to consider intervening to resolve the difference of view, preferably in writing
 - if, despite any intervention, the Board's decision stands, seek its written direction to carry it out
 - proceed to implement without delay
 - promptly copy the direction request, the direction and other papers the Accounting Officer considers relevant to the chairs of the Public Accounts Committee and the Treasury Committee, the Comptroller and Auditor General and the Treasury Officer of Accounts
 - unless it is in the public interest that the matter is kept confidential, arrange for the direction request and direction itself to be published on The Crown Estate's website promptly, notifying the Chairs of the PAC and the Treasury Committee as soon as this

occurs (and TOA will arrange for publication on the relevant government website) and make reference to the same in the Annual Report

- if confidentiality is required, the direction and direction request should still be shared with the chairs of the PAC and Treasury Committee , the C&AG and the TOA, along with an explanation of when the AO expects the need for confidentiality to fall away and publication to take place
- if asked, explained the Board's course of action publicly.

Annex A: Guidance

The Crown Estate shall, unless inconsistent with the provisions of the Act, this framework document or the principles of Managing Public Money, comply with the following guidance, documents and instructions:

Corporate governance

- This Framework Document
- The Financial Reporting Council's UK Corporate Governance Code:
<https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>
- Code of conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

Financial management and reporting

- Managing Public Money (MPM) – unless otherwise agreed in writing:
<https://www.gov.uk/government/publications/managing-public-money>
- Relevant Dear Accounting Officer (DAO) letters:
www.gov.uk/government/collections/dao-letters

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- Public Sector Internal Audit Standards:
www.gov.uk/government/publications/public-sector-internal-audit-standards
- The Government cyber-security strategy and cyber security guidance:
<https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and <https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes>
- Transparency in supply chains - a practical guide:
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency in Supply Chains A Practical Guide 2017 final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf)

Public appointments

The following are relevant where public bodies participate in public appointments

processes.

- Guidance from the Commissioner for Public Appointments:
<https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments:
www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees:
<https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

Staff and remuneration

- HM Treasury guidance on senior pay and reward:
www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Whistleblowing Guidance and Code of Practice:
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions:
www.legislation.gov.uk/ukpga/2000/36/contents and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman’s Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to The Crown Estate .
- Guidance from the Public Bodies team in Cabinet Office:
www.gov.uk/government/publications/public-bodies-information-and-guidance
- Guidance produced by the National Infrastructure and Service Transformation Authority (NISTA) on management of major projects:
www.gov.uk/government/organisations/national-infrastructure-and-service-transformation-authority
- Code of Practice for Official Statistics:
<https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisation>

[s%20that%20are%20trustworthy.](#)

Other Guidance

The guidance documents below may not be applicable to The Crown Estate in full, given its unique status and relationship with HM Treasury as sponsor department. However, they may also include high level principles which may inform and guide the relationship.

- Treasury's Accounting Officer System Statement (AOSS are produced by departments with input from ALBs):
www.gov.uk/government/publications/accounting-officer-system-statements
- Code of practice for partnerships between Departments and Arm's Length Bodies:
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

