House of Commons

Welsh Affairs Committee

Oral evidence: The work of the Crown Estate in Wales, HC 833

Wednesday 10 September 2025

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Watch the meeting

Members present: Ruth Jones (Chair); David Chadwick; Ann Davies; Gill German; Simon Hoare; Llinos Medi; Andrew Ranger; Henry Tufnell; Steve Witherden.

Questions 1 - 37

Witnesses

I: Dan Labbad, Chief Executive Officer, The Crown Estate; Rebecca Williams, Director of Devolved Nations, The Crown Estate.

Examination of witnesses

Witnesses: Dan Labbad and Rebecca Williams.

Q1 **Chair:** Good afternoon, everybody, and welcome to this afternoon's oral session of the Welsh Affairs Committee. My name is Ruth Jones, and I am the chair of the Committee. Today, we are looking at the work of the Crown Estate in Wales.

I am pleased to say that we have the chief executive at the Crown Estate, Dan Labbad, with us, and Rebecca Williams, the director of devolved nations at the Crown Estate. Thank you both for coming before us in person today and dealing with tube strikes and whatever else may be on your horizon.

We have no declarations of interest to make, so I am going to go straight into the first question; I suppose it is for you both, because you come at it in slightly different ways. I wonder what the Crown Estate's priorities are over the next year or so. If I start off with Dan, is that okay?

Dan Labbad: Of course. Thank you, Chair, and thank you to the Committee for having us.

A number of things are keeping our attention at the moment and will form our priorities for the next 12 months. In no particular order, first we are continuing to evolve our working partnership with the Welsh Government. We cannot operate effectively in Wales if we do not have that partnership and it works effectively. We have a lot to do, and that is on everything, including how we deploy renewable energy, skills, jobs, the supply chain, and nature recovery, to name a few. It is important and essential that that partnership deepens, so that is the first priority.

The second is ensuring delivery of floating offshore wind round 5. We have just come off the back of a successful tender just before the summer. We now need to make that real; economic conditions for renewable energy are globally challenging right now, and we have to lean into that to ensure we deliver in partnership. We have secured some fantastic development partners, but as I have said, we now have to make that real.

The other side of that is obviously the supply chain and jobs in Wales. It is important for me to say from the outset—I am happy to get into a little more detail if the Committee would like—that round 5 will not deploy successfully if it is not delivered through Wales, and that means jobs in Wales and industry in Wales; that is essential.

We are continuing to protect nature and improve biodiversity; we are here for the long-term interest. We have perpetuity written into our constitution under the Act, making sure that we are giving back to nature because we have taken from it for so long, and working in partnership with local groups to ensure that we are doing that; by way of example, we are ensuring that as we roll out renewable energy we are putting obligations on to developers to do that. Working with Welsh local authorities, listening to their needs across the country, and ensuring that we are delivering with them is another focus.

The final focus is working in partnership across Wales. This is probably an area where Rebecca can add a bit more flavour for the Committee given her day-to-day work, the real work; but we are not going to be successful, and we are not going to deliver successfully if it is the Crown Estate that is delivering. We need to partner in an enabling way and ensure that we are supporting and building capacity in Wales. We have been doing that for many years and there are great examples. Moving forward, we want to increase that because again, we will not be able to deliver the outcomes otherwise.

I will hand over to you now, Rebecca, and then I will come back in and talk specifically about priorities from your perspective.

Rebecca Williams: My priorities are exactly the same in terms of delivering those outcomes. What that looks like for me on a day-to-day basis is listening to feedback from the communities, working with local authorities, ensuring that the information and relationships we have to build those partnerships are in place, and thinking about how we can be the organisation that supports moving things forward, helping to make connections between the workstreams that we are working on. We are very much focused on these priorities but ensuring we are doing that in a collaborative way right across Wales.

Chair: That makes sense. Thank you. I am sure we will get into the details as we go through the questioning, if that is okay, but those are your overarching priorities, so that is helpful. Let me move on to David Chadwick, please.

Q2 **David Chadwick:** Thank you, Chair. In 2024-25, the Crown Estate generated a net revenue profit of £1.1 billion. How much of that came from Crown Estate assets in Wales?

Dan Labbad: We cannot tell at the moment how much specifically came from Wales; it is going to be a relatively small amount against the £1.1 billion. However, through the parliamentary process for getting our legislation through last year, we have committed to produce accounts specifically for Wales. We have not done so historically because, for example, although we currently have £40 million invested in round 5, that £40 million has come through the diversification of the Crown Estate from other non-Welsh parts. Money is therefore flowing throughout the UK, but for good reason we have committed to produce a set of accounts for Wales by the end of this financial year, and we will do that.

Q3 **David Chadwick:** What proportion of the value generated from Crown Estate assets in Wales comes from the seabed, as opposed to the land?

Dan Labbad: In terms of value?

David Chadwick: Yes.

Dan Labbad: At the moment, the majority of the value that we hold in Wales comes from the future potential of seabed assets—predominantly offshore wind—which at the moment, to give you a broad figure, is roughly around £475 million. However, that figure was quite different a few years ago, and it does go up and down. We can write to the Committee on the specific valuation methodology that we use, which is independently verified.

But we have risk associated with the deployment of offshore wind, round 5 being an example, some of the offshore wind in the north-west being another example. A number of those are not generating at the moment, so you effectively put an estimated value on them. In some cases, option fees are paid and they are valued differently, and then you have revenues which are valued differently. It would be worthwhile for us to come back to the Committee with the detail of how our methodology works, which will make it very clear.

Q4 **David Chadwick:** That would be great. Thank you very much.

Over the summer recess, a Radnorshire farmer approached me at the Brecon show, and he showed me something that was truly shocking: a bill from the Crown Estate. It appears that the Crown Estate has been billing him for nearly 30 years to use a track that crosses his own land.

I was wondering, how many Welsh farmers is the Crown Estate charging to access their own land, and how much revenue is it generating from those Welsh farmers every year?

Dan Labbad: Again, I am not going to be across that level of detail, but I am really happy to come and have a chat with you offline, David, and understand that case specifically. We are also happy to write to the Committee on transparency around what those rounds of money look like.

Q5 **David Chadwick:** Does the Crown Estate know how much money it generates from land rent?

Dan Labbad: Yes, we will know. We will have it. I just do not have it with me today.

Chair: If you could write to the Committee that would be really helpful. Thank you very much, Dan. Anything else, David?

Q6 **David Chadwick:** Would it be possible to publish annual data on Crown Estate investment into Wales, both on and offshore, the amount organisations pay to access Crown Estate assets in Wales, and the total revenue from Crown Estate assets in Wales?

Dan Labbad: Yes. By the end of this financial year in March—we close our accounts in May or June—we will provide a set of specific Welsh accounts, and that will cover the area, David, that you have just covered, as well as where the inward investment into Wales comes from outside Wales. All that will be available this financial year. We have made that commitment.

Q7 **David Chadwick:** Does the Crown Estate need to be charging Welsh farmers for revenue?

Dan Labbad: Under the Crown Estate Act, we have an obligation to ensure that we are working commercially. It is a managing public money obligation, and as the accounting officer for the Crown Estate I am responsible for that. We need to ensure that we are treating everybody equitably and fairly. Again, I am happy to have a conversation offline about specific circumstances, but generally speaking, we need to ensure that we are consistent in the way that we charge for assets, given those managing public money obligations.

Chair: It is a principle across Wales, it is not just about one particular farmer, so it would be really helpful if you could write to us.

Q8 **Simon Hoare:** Setting aside the terrible split infinitive, your chief executive's review of 2023-24 mentions, "Responsibly generating value and financial returns," whereas the 2024-25 report refers only to, "Generating financial returns." The word responsibly has disappeared from the narrative. Does that indicate a change in the way the Crown Estate intends to generate returns, or was it merely a drafting error?

Dan Labbad: Let me be clear. We are absolutely, unequivocally committed to generating returns responsibly, regardless of what words are in the annual report. In fact, I would again bring to the attention of the Committee that, through the 2025 Crown Estate Act legislative process, we have been asked under amendment—reinforced through the Act—to give regard to sustainable development principles in the way that we operate. We were doing that anyway, so it was only reinforcing to have that hardwired, for want of a better expression. So, yes.

Q9 **Simon Hoare:** Can you briefly talk us through the assessment hurdles an opportunity or a suggestion would have to go through internally in order to meet the responsibly test?

Dan Labbad: We have four key strategic drivers that inform how we work; they align with the sustainable development principles, so it all flows up to the remit in the Act. There are four commitments. First, to be committed to energy transition in the UK, and the net zero goals under legislation. Secondly—for the reasons I talked about earlier—to focus on nature recovery and biodiversity. Thirdly, a commitment to inclusive economic growth, working with communities and in partnership, and finally, delivering a return for the Treasury. They are enshrined in our obligations.

We then have a UK-level balance sheet to show where and how we deploy capital, and we go through that using what I would call best practice corporate governance principles through our board in having them approve the strategy and the allocation of capital. I should say that currently, Wales is a significant recipient in those capital plans.

We have three core businesses, and we have parts of the team responsible for places; if we were operating solely through business lines, we would not give regard to, in the case of Wales, a devolved nation, and that is important across the country. The three business units follow our land and asset topology. We have rural land, the seabed and the coastline, and urban land across the country. We have to demonstrate that we are, again, following our obligations in how we distribute that capital. For example, when the team said, "We would like to invest £40 million in round 5 in order to enable this to occur," we have something called a value creation framework which balances the financial, social, and environmental considerations. We ensure that we are taking those things into consideration when signing off on proposals.

Sometimes you will get a particular proposal that might have a financial focus. Other times you will get a proposal that will have no financial focus, and it will be about long-term value. To give you some examples, at the moment we have an environmental fund where we are investing £20 million with farmers around the country, including funds for biodiversity and hedgerows. In fact, we are working with Natural Resources Wales on a proposal in the north-west for planting woodland, which Rebecca can talk about.

One of the challenges we find is that net zero and nature often clash, so we have something called OWEC, a £50 million investment in research around environmental issues as they pertain to offshore wind deployment. At other times we will have financial things to consider.

The final point I wanted to make relates to Rebecca's role, and roles like hers; Rebecca is responsible for devolved nations, but we have other people responsible for this place-based approach. It is essential that we do good work. It is essential that we work in partnership, including defining what we do. Round 5 did not occur because we turned up and said, "Let's do it." It occurred through a lot of engagement over a number of years before we even went out to tender. There are two reasons why we do things that way. The first is that it is the right thing to do; we are not responsibly generating if we do not do that. The second reason is from a business perspective. If we do not have local communities wanting our support, we are not going to be able to deliver for the nation.

Simon Hoare: That is very encouraging. Thank you.

Chair: While your answers are very comprehensive, we have a lot of questions to get through. If we could have shorter answers, that would be really helpful.

Dan Labbad: I am very happy to do that. Apologies.

Q10 **Henry Tufnell:** Can I just build quickly on this point about sustainable development? You touched on the tension between the need for clean energy and building that out, and the environmental aspects. You have also talked about your four key focus areas. I was wondering what guidance the Treasury provides you in respect of those balances and those four areas of focus?

Dan Labbad: Under the Crown Estate Act 1961, the commissioners—of which I am one—have to act independently in line with the parliamentary remit. We come under no direction from the Treasury on how we should run the Crown Estate day to day. They are aware of the value creation framework; obviously, we fully disclose it in the annual report, which we lay in Parliament. So, to answer your question quickly, we operate the Crown Estate as the Crown Estate commissioners, and that is how the Act was intended.

Q11 **Henry Tufnell:** So, you have limited, if any, communication with the Treasury in terms of how you deliver on your objectives?

Dan Labbad: No. We are often in conversation with the Treasury for a number of reasons. One, it is our sponsoring Department. We talk to the Treasury about what we feel we can deliver from a profitability perspective, and we agree that with the Treasury, but we set that agenda in co-ordination with it. We do not come under duress as to, "Can you please deliver this financial return in lieu of other things," but we are in constant contact.

The other part of it is that we work with the Treasury quite a lot on the growth agenda. It supports us, and we support it. Things like round 5, for example, would not have been able to come to fruition without our engagement with the Treasury growth team, and that is the same, obviously, with DESNZ and with other Government Departments.

Q12 **Llinos Medi:** It has been 10 months now since the Government committed to appointing a Crown Estate commissioner for Wales, and six months since the Crown Estate Bill became law. In an answer to my written question, the Government have confirmed that the recruitment process for the commissioner for Wales will not begin until later this autumn, with an appointment expected in early 2026, potentially over a year after the Bill passed. Why the delay, and in the meantime, how are Wales' interests being represented in the Crown Estate's work?

Dan Labbad: Thank you for that question. First, the process for appointing the commissioner is a public appointment process run by the Treasury and the Cabinet Office, not the Crown Estate, so that aspect will need to be directed to them.

To the second part of your question, we are really looking forward to having a commissioner advising on Wales because again, it supports what we are trying to achieve, as I have hopefully articulated in my opening remarks. Under the auspices of the Crown Estate Act, our commissioners have to take responsibility for the UK and how the Crown Estate operates through the devolved nations—Northern Ireland and Wales, but obviously not Scotland—and they take that very, very seriously.

Having appointed Rebecca's role in the last few years, and having set up a Cardiff hub, I constantly meet many stakeholders, politicians and others from within Government in Wales. We are constantly engaging in order to understand. In answer to the Chair's question, one of my four key strategic focus areas is to build more of those partnerships so that we can understand more. The cut and thrust of it is that we cannot deliver in Wales without Wales. The commissioner, when they are appointed—we expect that to be early in the new year—will add to that, and that is only going to reinforce what we are trying to achieve in engaging authentically and understanding so that we can do better work with Wales.

Q13 **Llinos Medi:** To follow up from that, it is unclear how much attention a Crown Estate commissioner with the responsibility for Wales will give to Welsh matters along with the other responsibilities that you have just mentioned. Welsh interests deserve to be front and centre, not simply an afterthought. Would you support the commissioner for Wales having a duty to report annually to this Committee and the Senedd on their work?

Dan Labbad: Given that we are responsible to Parliament, when we are called, we will, and I am certainly happy to come to the Committee any time. I do not want to speak on behalf of someone who has not yet been appointed, but we want to show full transparency to the Committee, other Committees, and Parliament, as necessary. It is part of our role.

Q14 **Ann Davies:** I will direct this question to Rebecca. It would be lovely for you to have a chance to speak as the devolved Member for Wales. When the commissioner for Wales is appointed, will you expect that commissioner to advise on the leasing of the seabed and the impact on communities and the supply chain in Wales, bearing in mind that the Celtic sea looks as if it is coming into Ferryside, which is not in my constituency, but then coming into Llandyfaelog, which is very close to my constituency? Would that be the responsibility of the commissioner?

Rebecca Williams: Again, I do not want to pre-empt what the commissioner is doing until they are in place, but certainly our board would be aware of decisions that we are making in terms of future leasing. Our board visited Milford Haven last year; the reason for the visit was to give them the opportunity to meet with stakeholders locally, receive feedback and understand what the views of local communities are, so that when these decisions are taken, they have that informed view.

Through our engagement, through the work we do with the Welsh Government and through the visits we have across Wales, we are always collecting that viewpoint; in some cases, in terms of what people are concerned about, but also what inspires people from the opportunities that exist in the Celtic sea. We bring that information together, and our commissioners are incredibly welcoming of that information in terms of supporting the decision-making.

Q15 **Ann Davies:** We are having a lot of development in Wales at the moment with green energy. Some is Crown Estate, some is not. But how do you engage then? What is your best practice? What is the gold standard engagement that you have with the communities?

Q16 ***Rebecca Williams:*** There is more than one answer to that question. Being part of that community and attending events is really important. I was down for the Royal Welsh Show; I attended your session and listened to the debate there. In terms of listening, colleagues were at local shows as well. We talk regularly, and we have rhythms of meetings with Welsh Ministers and Welsh officials. Our office is a great hub for inviting colleagues and stakeholders in. For example, last week, we had our nature stakeholder community in the office talking through our nature ambitions that Dan spoke to in terms of our priorities. So it is a mix of all those. We have colleagues visiting local authorities this week, attending events at Morlais tomorrow, for example. It is about being part of that community, listening, and providing opportunities to create feedback to ensure that we are available. We held a Senedd reception earlier in the summer, where we had over 50 stakeholders who work with us in different ways or who could work with us in the future. All that builds up to give us a fuller picture of what people are thinking and what people want from us.

Dan Labbad: If I may just quickly build on that, I would put our engagement into five broad categories. One is the government partnerships that we need to have, obviously, at the Welsh level and with local authorities. There is a governance role for the commissioners, and the new commissioner adds to that. There is the engagement that Rebecca spoke to, just getting out there and understanding. Then, we are looking to set up a Welsh forum, which is looking for an academically informed group of diverse advisers on Wales who are Welsh and who can talk to us about issues in Wales, because I do not think even with those first things that we are going to understand enough. Then finally—and this is a personal view of where the best understanding comes from—we are working with Welsh non-profits, Welsh businesses in partnership and enabling them. Rebecca just mentioned Morlais; it has been a partnership for the last 10 years, where we have supported a community group to do great things, world-leading things. We see ourselves in the engagement delivering more of those types of things.

Ann Davies: Communities and third sector are my thing, I have to tell you, so I will come back to that.

Q17 **Llinos Medi:** Yes, and it builds on the Morlais project now. Can you provide us with an update on the progress of the Morlais tidal stream demonstration project and how promising the tidal energy is, both for delivering clean power and providing jobs and economic growth, and your ability to move with the technology and make seabed available in a timely manner to develop?

Dan Labbad: I will go first, and then Rebecca can come in more specifically. First, it is a wonderful initiative and a best practice example of partnering locally with local ownership, local capability building, and in this case something that is world-class and could deliver hundreds of megawatts of energy; they are on their way. We invested over £1 million a while back and we have earmarked over £1 million again. We have great hopes for that partnership. We feel that when you meet the team on the ground and you meet the ecosystem that they have created, it has gone from strength to strength. It has not been without its challenges, but we find that in these partnerships—and round 5 could pose another example—that it is often the challenges that help you build capacity, and that is what has happened. We feel it is very promising, but Rebecca is going to be able to provide more detail.

Rebecca Williams: I know you are very familiar with the project at Morlais. Tidal stream has the opportunity to make a significant contribution to energy needs in Wales, and it is a policy that is supported by the Welsh Government. In terms of what our role is, we have responsibility for providing leases for the seabed, but as Dan mentioned, we have invested in the evidence case. What was missing in terms of deployment is that understanding of the gaps in the evidence; we have been able to step in and support as well as providing investment, so that we are able to ensure that their projects and their deployment are able to move forward with full knowledge of the impact.

In terms of how it can change, continually engaging technology continues to move innovation. Renewable energy is exciting, so we will continue to adapt and work with the sector and technology developers to ensure that there are facilities ready for that.

Llinos Medi: Sorry, Chair. I should have declared an interest as a vice-chair of the marine energy APPG as well.

Chair: Thank you. I am going to go back to Ann Davies, please.

Q18 **Ann Davies:** I just want to know the type of work you do with the Crown Estate to invest and deliver renewable energy projects. How involved are you in the delivery of those projects, and what financial investment and commitment do you make towards them?

Dan Labbad: I spoke earlier about it being a strategic core to what we do. The reason we invest is because of the need for energy transition, energy security and net zero. Obviously, we need to apply our finite resources in the best way possible to enable that. Given our role with the seabed at the UK level, we are involved in co-ordinating and providing options to roll out renewable energy. We do not just do fixed offshore wind—which is what offshore wind has been in this country for the last 25 years—because it involves relatively shallow waters and a pylon that goes into the ground. We have evolved to floating offshore wind because places such as the Celtic sea do not have a lot of shallow water; that technology enables renewable generation to occur in places such as the Celtic sea. In fact, you can appreciate that internationally that technology is going to be required.

We have tidal stream, and we are also looking at tidal range and wave technology. In addition to that, we have a role in carbon capture and storage. Because of the energy transition challenge, the energy security challenge and net zero challenge, we need to be pushing on all those things. We are going to need all those things, so we are well invested in that.

I guess two things have happened. If I were in front of the Committee six months ago, I would not have had the legislation to talk about, and I also would not have had the round 5 outcome to talk about. From a capital perspective—and this is one of the reasons why we needed the 2025 legislation—it gives us the forward-looking capital bandwidth to continue to invest in the roll-out of that technology. If I take the Celtic sea by way of example, in round 5, we have 4.5 GW as part of that tender. But we estimate that an additional 12 GW could be deployed in the Celtic sea, and we are not going to build a sustainable supply chain of 4.5 GW. The Crown Estate is going to have to continuously invest in leasing rounds, and the success of round 5 is obviously important for that to happen. But the other thing that was incredibly important is the legislation, because that now allows us to talk about the 12 GW and start to plan ahead.

Q19 **Ann Davies:** Do you do any onshore? And if you did do onshore—you know where this is going, I am sure—would you underground those cables, bringing onshore wind down to the substation for community benefit?

Dan Labbad: We are exploring onshore now. We have a little onshore elsewhere in the UK; we are exploring it because it is still relatively new. We are exploring a partnership with Trydan Gwyrdd Cymru and talking to others like Bute Energy. If we were to do onshore, it would be done in partnership, because again, coming back to my point, we need to do things like that in partnership so that we are building capacity. The Crown Estate does not want to be directly delivering that because we think locals can do it better.

On the pylons, I do not know. We are very early in the process. We completely understand the sensitivity and controversy around pylons, and that is something that we are engaging with. But we would be engaging on those things through local partnerships, not directly.

Q20 **David Chadwick:** What type of discussions are you having with Bute Energy?

Dan Labbad: Just exploratory at this stage. Again, we are looking at how we can work with local companies—whether they are part of Government or otherwise—just to see who can deliver. Moving forward, what you will find with us is that we will build on what we have been doing, again using Morlais, but there are other examples that Rebecca can talk to. We are looking for partners that are doing work already, are engaged with Government and can work alongside us to deliver, but we are very early in those conversations.

Q21 **David Chadwick:** Who in your team is leading those discussions?

Dan Labbad: There are several people. We obviously have a Crown Estate executive responsible for the coastline. We have Rebecca, who is responsible for overseeing and ensuring that those conversations occur in an appropriate manner, and then we obviously have a technical team that can bring 25 years of experience with regard to wind energy. We often talk about capital and things getting up and I want to be very humble about this: the success story that is UK deployment of offshore wind is world-leading. The Crown Estate has been core to that and we now have data evidence and the capability to be able to make it open source, which is what we want. We want to be giving that to local businesses, non-profits and anyone who will take it in order to build local capacity.

Q22 **Henry Tufnell:** I just want to quickly touch upon the pipeline point in terms of round 5 and the 3 GW, potentially 4.5 GW in September, and you have mentioned 12 GW. I was just wondering if you recognise the importance of the Crown Estate's role in terms of that pipeline and allowing that certainty of revenue streams for the whole supply chain, whether that be port infrastructure or all those businesses that will look to locate in those areas for economic regeneration, and the importance of your role in terms of helping facilitate that with certainty of that pipeline?

Dan Labbad: Yes, we do. As I said earlier, we do not think deployment will occur successfully if that does not come to fruition, and we think we have a core role to play to support Wales in making it come to fruition. From our perspective, it is about walking the appropriate line of providing what we can add value with, but not doing it to Wales. We do not want to do that; that would be the wrong approach. We want to do it in partnership. To answer your question, we absolutely see that responsibility and take it incredibly seriously because I just do not think it will happen if what you have just described does not come to fruition.

Chair: Before I ask Rebecca about FLOW in particular, it would be remiss of me as a south Walian MP not to highlight that—as well as Morlais—there is obviously the potential for tidal lagoons in the Severn Estuary. I am just flagging that up; we would not want to be disenfranchising anywhere.

Dan Labbad: I am happy to talk about that, Chair, if you would like me to.

Q23 **Chair:** If we have time, we can do that. Rebecca, how much viable seabed is there in specifically Welsh waters for FLOW?

Rebecca Williams: We have done some early investigations into that, and you may be familiar with the future offshore wind report that sets it out and has some maps in that. Obviously, there is more work that would need to be done before we would be able to answer that question specifically, but that 12 GW is in the Celtic sea. If we look at the three sites that we have—at least in this round—there is one in Welsh water, one in English water and one that straddles the middle. Those are the optimal sites in the Celtic sea to support development, and that is the really important key: the optimal sites.

Dan Labbad: It is probably worth just talking about how we got to those sites because you do not just pick the sites out. As Rebecca has said, the three sites that make up the 4.5 GW—all of which are 1.5 GW—are in Welsh waters whole, English waters whole, and there is one straddling the two. The seabed is incredibly busy. Something we bring is our ability to understand and engage on the way different users of the seabed operate, for example, defence, navigation, fishing, environment, and a whole host of other industries. Many of those do not have borders. We lay out the options, go through an engagement process, and then there is broad agreement. We are not here to make those decisions; we are here to use what we have to offer to lay out the options.

The round 5 process got close to not happening twice, in 2022 and 2023, because of a series of stakeholder constraints, and when I say not happening, I am not dramatising; it was really on the brink. On the second occasion, I thought we were not going to be able to do it. Getting these sites to work requires an enormous amount of co-ordination, in particular in places like the Celtic sea because of all the different interests. We were able to work through that, but we lost six to 12 months; we should be six to 12 months ahead of where we are now.

Something that we are now doing—working with devolved nations and others—is trying to plan ahead when it comes to the co-ordination and habitats regulation assessment, which we thankfully did early on FLOW on round 5. We are trying to de-risk things up front so that we are not losing six and 12 months on future tenders because we just cannot afford to. I will leave it there, but I just wanted to give that flavour to the Committee.

Q24 **Chair:** Whose fault is it that we are now six to 12 months behind?

Dan Labbad: It is no one’s fault; it is just that it is a new technology that has a new set of requirements. You do not know how those requirements are going to manifest until you start engaging. It was all done very quickly because we want the UK to have a first-mover advantage. We collectively took the decision to do that in the Celtic sea so that we could actually bring what is a very new supply chain to Wales because if this were a fixed wind opportunity, it would be much more difficult to capture the supply chain. We had to work through a whole host of constraints, and again I am very happy for the Committee to come and talk to the team offline.

The collective engagement of everyone made it happen. It was just through real constraints that it almost failed. What we are saying is, moving forward, now that we know we want to roll things out—not just in the Celtic sea, but around the UK—we need to engage in much earlier upfront planning years ahead so that when it comes to the tender, they can just roll out.

The other reason that is really important is that what has changed in the last 24 months—this will be no surprise—is that the global economic circumstances have really found themselves in a challenging space when it comes to renewable energy for a whole host of reasons. What that means is that when you look at the number of developers that can deliver, they have shrunk, balance sheets and allocations to renewable energy like offshore wind have shrunk, and new technologies like FLOW have shrunk. But around the world, many Governments are now talking about the rollout of offshore wind. So it is essential that we in the UK move quickly and can provide a de-risk—to the extent possible—for these developers and capital to come in and want to invest in the UK. Otherwise, we are going to be supply-constrained and will not deploy.

Chair: If we could have brief answers, it would help because we still have quite a few questions.

Q25 **Steve Witherden:** Before I ask my questions, I would just like to place on record my solidarity with the Radnorshire farmer that we just heard about. If that is true, that is absolutely disgusting, and I am grateful to my Powys colleague for having flagged that with the upper echelons of the Crown Estate so it can be looked into and that farmer reimbursed as appropriate.

I would like to ask a question about wider economic and social benefits, specifically for the rights of offshore workers but also more widely. In offshore leasing round 5, bidders were asked to set out plans to support the delivery of wider social and economic benefits for onshore communities. How will you measure delivery of and adherence to these plans?

Dan Labbad: Under the round 5 tender, there are a number of requirements around jobs, supply chain and specific types of jobs, following and supporting those that are most in need. Again, we would be very happy to provide those specifics offline. We will be holding developers to account on that and are in the process of working through those measurables with them.

Where we are in the process on round 5 is that we have effectively selected preferred developers, and hopefully by the end of this year we will be moving into what is called agreements for lease, which are the formal contracts that effectively set the pathway contractually for the future. Under procurement rules, those commitments are there; they cannot be walked away from, and we are now laying out the specifics of how they will be delivered.

Part of that is making sure the developers do their bit, and the other part is working at all levels of government and with the Welsh Government on ensuring that we provide the infrastructure for developers to be able to support those initiatives. What we cannot afford to do is leave those responsibilities with developers in isolation and expect things to change; we need to give them something to work with.

As I said in answer to Henry's question, part of the reason is that if each developer has 1.5 GW, you will not build a sustainable supply chain off that. That is no secret; it is something we have talked about from the very beginning of FLOW. That is how we will do it. I am cutting my own answer short, Chair, if I may.

Q26 **Steve Witherden:** I am glad you mentioned developers. For offshore wind in Welsh waters, is there a requirement on developers to support Welsh businesses and the Welsh supply chain? I am worried about the lack of accountability and the local connection.

Dan Labbad: Yes, and a desire as well, but we also need to support them with that for the reasons that I have just talked about. Rebecca, do you want to talk to any of that in more detail?

Q27 **Henry Tufnell:** Can I just ask, do you think that there is a sufficient level of ambition in those commitments? Do you think you as an organisation have gone far enough in terms of those obligations on supply chain or those wider community benefits that are locked in around the procurement rules you set out? Do you think you as an organisation have got enough on those aspects?

Dan Labbad: I do, Henry. Given what has happened to the global market on offshore wind, I could have easily been here saying that round 5 was not delivered, and that means we successfully delivered it. We have pushed developers enormously to get round 5 over the line. I do not think there was anything left in the tank. There have been three failed offshore wind tenders run in other European countries in the last six months—the most recent was after round 5—that have failed because of how at threshold the global market is.

I want to be clear. The focus now needs to be on turning the tender completion of round 5 into round 5 deploying through the agreements for lease and then into deployment. I have said publicly that the early 2030s is when we should be targeting. That is going to take an enormous amount of effort with the ports. Another thing that occurred through the tender is all the successful tenderers have selected British ports, and Port Talbot is front and centre in that. We have every opportunity now to make that happen collectively because for the first time, we are not talking about the hope of FLOW; we are talking about actually having the commitment of international developers wanting to make it happen. They are committed to the supply chain and, like us, also know the importance of that supply chain in order to enable them to deliver. We now need to turn that into a reality for the reasons I talked about earlier.

Q28 **Steve Witherden:** Again, on pushing developers and when things go out to tender, when you are deciding on preferred bidders, how much weight do social and economic commitments have against other criteria?

Dan Labbad: The socioeconomic commitments as well as other things—innovation and environmental commitments—are a hurdle. There is a minimum hurdle that developers had to get through and not everyone made that hurdle. They all met the minimum requirements, which were quite stringent in terms of what they needed to deliver. They were set out a couple of years ago and we held to those; we did not change them. That is what we are now going to be turning into the agreements for lease.

Q29 **Henry Tufnell:** We have talked about the importance of this expansion in the pipeline. I was wondering whether you could just set out the obstacles that you see in front of you in terms of trying to realise this enormous capacity, particularly in line with the Government's objective of 43 GW to 50 GW of offshore wind by 2030.

Dan Labbad: It is a challenge; that is why we have to do the planning that I talked about earlier. To answer your question on what the specific obstacles are, the first obstacle is ensuring round 5 is successful because we are not going to attract inward investment in future leasing rounds until we demonstrate round 5 is off and away. That is the first hurdle, which, as you can tell from my opening remarks, is one of our highest priorities in Wales.

The second is ensuring that we are planning appropriately on the seabed to remove the co-ordination issues upfront. Given the stress in this system at the moment around offshore wind development globally, we have to ensure that co-ordination issues are de-risked before we run the next tender. We have to work through those things.

The final thing is what we have been talking about throughout the last half hour: ensuring that that supply chain and those skills are starting to build. Again, that will attract investment as well, coming back to my cause-and-effect analogy earlier.

Q30 **Henry Tufnell:** We touched upon the capacity increase programme in north Wales, and I was wondering about compensation schemes that could be in place in respect of protecting the marine habitat off north Wales.

Dan Labbad: I am very happy to come back to you on that offline and give you the specifics.

Henry Tufnell: Thank you.

Dan Labbad: Clearly, when we look at expansions and extensions, we need to balance. Again, with these things, they are decisions that we pass on to others to make but it is making sure we are balancing the deployment of renewable energy with environmental issues.

Q31 **Simon Hoare:** In order to allow you to rest your vocal cords for a moment or so, Sir, I am going to ask Ms Williams this question, if I may. It is a question following up from what Mr Tufnell was just asking about, which was protection of the marine environment, a very precious asset in Wales, as you will be aware. The marine delivery route map aims to support a thriving marine environment and that is to be applauded and welcomed. My question is does the capacity increase programme run the risk that nature could potentially become a secondary consideration—impacting negatively on the marine environment—when it comes to economic and energy needs?

Rebecca Williams: To follow Dan's answer, we should write to you specifically in terms of the capacity increase programme. But if I take a step back from that for a moment, we mentioned the value creation framework, which is about balancing those goals that we have, so it is something that we take into account. Again, we have mentioned how busy the sea space is. Nature is also an incredibly important sector in the seabed. We are always thinking about those considerations, but on how that plays out specifically on the capacity increase, we should write to you.

Simon Hoare: When you say, "Take into account"—

Dan Labbad: If I can build on that, I can—

Q32 **Simon Hoare:** On the analysis, if the impact was deemed to be too great or unmitigable elsewhere, would that then lead to a project or proposal being dropped?

Dan Labbad: Yes.

Q33 **Simon Hoare:** At the final consideration, which has the whip hand?

Dan Labbad: That has happened. The marine delivery route map is about providing the options for future deployment and getting years ahead of co-ordination issues, including risks to the environment. That is what I was talking about earlier. It is really important for environmental reasons as much as for energy deployment reasons. Obviously, data and evidence are incredibly important in that.

I talked earlier about the offshore wind evidence and change programme. Incredibly, there is a lot of limited data on environmental issues so the more data that we can harvest and understand what we are up against, the more we are going to make better decisions. That is that piece.

Under the Crown Estate Act 2025, we have an obligation to ensure that we are thinking about the balance of environmental, social and economic factors. We are fully aware that it will be subject to scrutiny in future. The ultimate test in our minds as we are making decisions is how do we ensure that various parties who need to be involved in decisions are? Often, in a planning context, it obviously involves derogation to the Government. If we find that there is an unresolvable clash between a new deployment and, as you say, an environmental issue that cannot be resolved, as a minimum that would be taken to the Government. But there have been examples where those decisions have been taken in recent years, and they have been further expansion of deployment versus the environment, where the environment has taken precedent.

Q34 **Henry Tufnell:** I come back to the supply chain. You have set out various vehicles in terms of your plan to invest in the supply chain, including the accelerator fund, and obviously on a constituency level, it is very appreciated that you have invested heavily in Pembrokeshire college. I think you have also invested in Marine Power Systems in Swansea.

Regarding your work in the supply chain development, you have talked about the need to have that procurement aspect within the leasing round for the developers. What are the needs and barriers that you have identified in the supply chain in order that we can maximise that economic growth and benefit for local communities right across south Wales, but obviously I am particularly interested in Pembrokeshire?

Dan Labbad: Rebecca should add to what I am about to say because she has the day-to-day detail. From my observations, there needs to be a belief that the deployment of renewable energy in the Celtic sea is going to happen. I have also gone down to Pembrokeshire college a number of times and there is an apprehension as to, "If I put my child into this education process, will there be a job at the end of it?" That is why round 5 and making it happen is so important. So belief is the first thing and we will deliver.

On the supply chain—more specifically capital—one reason we are providing capital is that there is a lack of funding support for incredibly good innovations, and as you outlined in your question, there are a number of those on the ground now. We have £50 million earmarked at the moment for UK supply chain initiatives, and four Welsh recipients have received that thus far. We are about to close the next round in the coming months and are still nowhere near the £50 million, so if we need to expand that over time, we will. So it is the capital coming in and supporting those businesses through their early life cycle to be successful so that they can plug into the opportunities offshore. Rebecca?

Q35 **Henry Tufnell:** Sorry, just quickly before Rebecca. How does that interact with your supply chain investment programme, particularly in respect of ports?

Dan Labbad: The way that we are thinking about it is that the supply chain involves some of the largest players in the world, including the ports and developers. And then it has to come all the way down and be deep so that it actually also includes small businesses, startup businesses, the colleges, vocational education and training, and I would go as far as to say into the schools.

If we are only operating at the port level, we are not going to build a sustainable supply chain, or we will lose the jobs from Wales to elsewhere. We are going deep into the supply chain. We have an investment programme that can support everything from the ports through to looking at start-up businesses, and they are live now for that reason.

If your question is specifically about ports, we are now working with the developers and ports—specifically Port Talbot—on how they move through the deployment process. Those are early discussions, but we and other parts of government are looking to support that. It is very early in that engagement process, but again, we cut it right through for that reason.

Rebecca Williams: I was going to come back to your original question in terms of how we know what the supply chain needs to be to know what to support. If I could maybe draw your attention to the Celtic sea Blueprint research that we did a couple of years ago, which sets out what is required to deploy 4.5 GW in the Celtic sea. That was really helpful in identifying where there might be supply chain and where there are gaps in that supply chain.

Our supply chain investment programme has been able to focus and identify businesses that are able to fill some gaps and ensure that we have a fuller supply chain in place in readiness for deployment. If we bring that back down to an even smaller microlevel, at the Senedd event in June we launched our Fit For programme with some funding through Welsh Government, where we are working with ORE Catapult and smaller businesses that will play an incredibly important part in the supply chain but their size and scale may mean that they are not quite ready for big programmes yet. How do we support smaller businesses to grow? How do we support those medium businesses to get the investment they need to be ready? And how do we support our big programme? All that is necessary. We have to do it all in parallel and cannot wait to do it in sequence.

Q36 **Henry Tufnell:** Just quickly, in terms of the investment criteria for the supply chain investment programme, will you be putting in additional criteria, particularly around the social and economic benefits that we have talked about today?

Dan Labbad: We will either be putting additional criteria or creating a separate funding stream for that. The only reason I say that is there may be a chance that we can increase the investment pool with partners other than the Crown Estate, and often capital will be very focused on a certain type of supply chain and socioeconomic, so we do not want to mix them if it hurts us attracting capital. But to answer your question, we will be looking to fund different types of initiatives. In fact, we funded Pembrokeshire college as well as start-up businesses in the early supply chain accelerator, and that type of funding to both outcomes will continue.

Chair: In the final two minutes, the last question goes to Simon Hoare.

Q37 **Simon Hoare:** We all seem to be terribly excited about GB Energy, and you have created a new partnership with them, have you not? How do you assess whether that will or will not accelerate the development of Crown Estate-led projects in Wales? How do you think it might help expedite carbon capture, storage and hydrogen, as the announcement of the partnership seemed to intimate?

Dan Labbad: I am very excited about the partnership with Great British Energy. When we talked about our legislation 12 months ago—which was being considered at the time—one thing that I was asked by another committee was, "Why is it so important?" I said that even without legislation, one of the first things we would have been saying was that we need a government partner that can support on things like agency co-ordination, investment in supply chain—again, our resources are large by many measures, but finite when it comes to the challenge at hand—working with offshore wind developers and investing alongside them. That is what Great British Energy is doing in our space as well as, obviously, other things. We think that partnership is only going to lead to better co-ordination around the things that I have talked about and better understanding from different agencies on how we corral around making this happen. Finally, we need to ensure that that support is there at a time when we do not really know what is going to happen with developers globally and how much depth there might be in the market for the foreseeable future.

Chair: I thank both the witnesses today for appearing before the Committee and for providing such comprehensive answers. I believe you are going to write to us, are you not, Mr Labbad? That will be really helpful for filling in the gaps.