

Our Board's year

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Our Board has increased its activity this year in support of our strategy and innovation agenda.

Strategy and innovation

- Undertook the Board strategy session.
- Approved the 2018/19 and five-year strategy for The Crown Estate.
- Approved the Corporate Plan for The Crown Estate.
- Reviewed the long-term strategic vision for each of The Crown Estate's portfolios.

Financial performance

- Reviewed quarterly financial results and capital forecasts.
- Reviewed regular performance updates, including against non-financial targets.
- Approved the revenue target and budget for 2018/19.

Investment, assets and funding

- Approved the sale of Altrincham Retail Park.
- Approved the re-development of Morley House.
- Approved the development of Fosse Park West and the Fosse Park Food Court.
- Implemented a new form of market reporting for the Board.



People, culture and values

- Reviewed The Crown Estate's approach to stakeholder and customer engagement.
- Reviewed the results of The Crown Estate's staff survey, 'One Voice'.
- Reviewed The Crown Estate's health and safety activity and performance.
- Reviewed reports on sustainability.

Risk management and internal control

- Reviewed and approved The Crown Estate's strategic risk architecture.
- Considered and approved The Crown Estate's material issues.
- Reviewed regular reports on assurance from the Audit Committee.
- Reviewed reports on risk from the business, including information security and privacy.

Governance and stakeholder management

- Approved the key principles to support a review of the terms of reference for the Board and Committees of The Crown Estate.
- Approved the methodology for establishing The Crown Estate's viability and approved the Viability Statement.
- Approved The Crown Estate's register of interests.
- Evaluated the Board's effectiveness, as part of an externally facilitated Board evaluation.
- Approved The Crown Estate's Annual Report for 2016/17 as being fair, balanced and understandable.

How we keep the Board informed

Our Board's knowledge of our activities is a key constituent of our approach, with our Board being provided with information through:

- Board visits (see below);
- external inputs such as the economic analysis provided to our Board by Javelin Group, the World Economic Forum and CEBR;
- regular internal reports, performance and financial information; and
- direct access to the executive, senior management and subject matter experts within The Crown Estate.

Board visit to Rampion Offshore Wind Farm



In April 2017, our Board visited the Rampion Offshore Wind Farm to see first-hand the construction of a key part of the UK's world-leading offshore renewables industry. Following a briefing on the project, and health and safety, the Board visited the wind farm itself on crew vessels, docking against the column of a wind turbine to experience the scale of the installation and also the highly technical nature of access to and from these assets. Beyond relief that it was a particularly calm day, the Board were grateful to representatives of E.on and the Rampion project team for both their time and insights.

Board visits such as this, and the visit to the recently completed Rushden Lakes, are a key part of ensuring that our Board get close to our assets and our customers.

Attendance at the Board during the 2017/18 financial year

Board Member/Counsellor	Board	Strategy session
Robin Budenberg	7/7	1/1
Alison Nimmo	7/7	1/1
Ian Marcus	7/7	1/1
Kate Bowyer	7/7	1/1
James Darkins	7/7	1/1
Paula Hay-Plumb	7/7	1/1
Dipesh Shah	7/7	1/1
Lynda Shillaw ¹	2/2	0/0
Gareth Baird ^{2,3}	7/7	1/1
Peter Madden ³	7/7	1/1

¹ Appointed to the Board on 1 January 2018.

² Retired from the Board on 30 September 2017 and was appointed as a Board Counsellor on 1 October 2017.

³ Board Counsellor.

Board activity and administration

The Board had seven scheduled meetings during the year, spread evenly across the calendar. In addition, the Board undertook a special strategy session over two days in October, near Rushden Lakes, where long-term strategy was examined, the strategy for the 2018/19 financial year was set and detailed discussions were undertaken on risk and The Crown Estate's material issues.

Board meetings are scheduled for three hours, and are augmented by time spent 'in camera' for Board Members and also for Independent Non-Executive Board Members only (both with and without the Chairman). Special topic sessions are also undertaken and this year such sessions included our work on customer focus, digital disruption and long-term visions from Directors of Portfolios.

All Board and Committee meetings are pre-scheduled on a rolling calendar year's notice and information relating to each individual meeting is provided at least one week ahead of the meeting itself to allow proper consideration.

Induction and training

In addition to the normal business of the Board, this year we have inducted a new Board Member (Lynda Shillaw). Board induction at The Crown Estate includes meetings and background material and is coordinated by the Company Secretary. Induction is designed to build a broad understanding of our business, including: strategy, financial and accounting arrangements, governance, risk and our material issues.

In addition to the formal induction, Board Members are encouraged to meet a broad spectrum of the staff at The Crown Estate, to ensure a holistic view of our business is achieved as early in a Board Member's tenure as possible.

Following the induction period, the Board are offered regular opportunities for learning and development, covering both skills-based training and sector-specific training.

Effectiveness

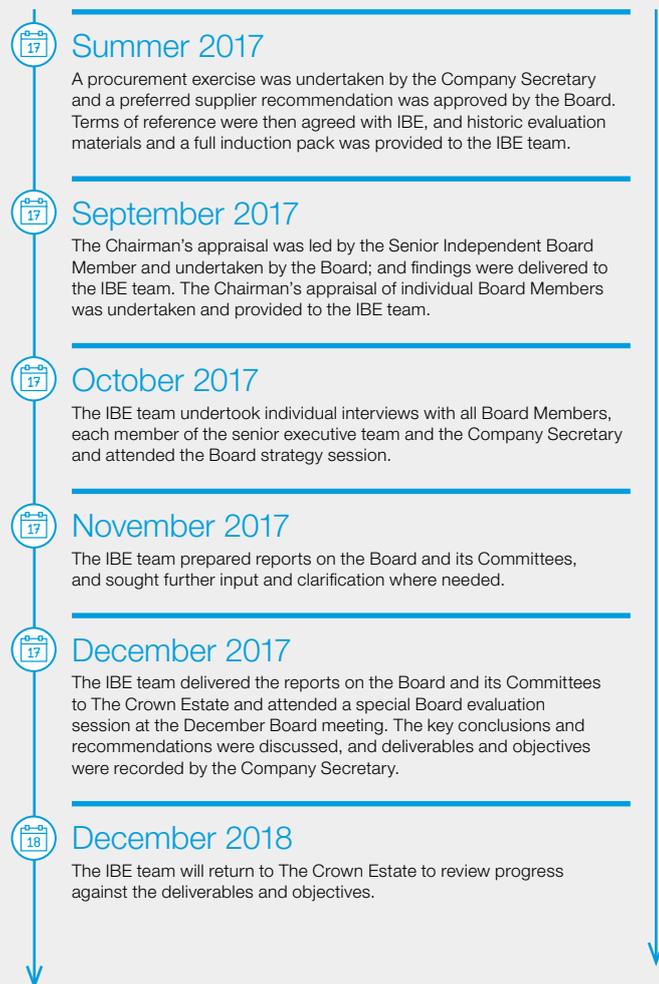
Delivering best-in-class governance

This year our Board benefited from external facilitation in undertaking a review of its effectiveness, whilst also continuing to deliver against its priorities from the 2016/17 financial year.

Externally facilitated Board evaluation in 2017/18

The Board of The Crown Estate has committed to seeking to comply with the provisions of the UK Corporate Governance Code, where it can properly be applied to The Crown Estate. As part of that commitment, and in compliance with Code Provision B.6.2, this year the Board evaluation was externally facilitated by Independent Board Evaluation (IBE). IBE was contracted on an arm's length basis and has no other connection with The Crown Estate, beyond the evaluation services specifically contracted.

An overview of the process for the externally facilitated Board evaluation is set out below:



Key conclusions, deliverables and objectives

Overall assessment:

The Board is both dedicated to delivering for The Crown Estate and engaged with the business. The culture of the Board is evolving in recognition of the need to continue to drive toward a more commercial approach and the need for the business and the Board to embrace ongoing change; and there are opportunities for improvements to be realised in information flows and clarity of remit.

Board deliverables:

Based on the recommendations provided in the IBE report, the Board has agreed the following key deliverables for the 2018/19 financial year:

- Refresh the terms of reference for the Board and its Committees to reflect a more progressive approach.
- Build further engagement sessions into the Board calendar to foster closer collaboration with the business and its staff.
- Refresh the Board induction and training programmes.
- Agree a clear set of Board objectives for the 2018/19 financial year (see below).

Board objectives:

In March 2018, the Board agreed the following four objectives for the 2018/19 financial year:

- Ensure that the executive delivers a clear ambition for our future operating model which is woven into the core strategies.
- Ensure that the portfolio vision presentations for Central London, Regional and Energy, Minerals & Infrastructure deliver key insights on operating requirements, digital, social impact and sustainability.
- Shape the strategy for The Crown Estate's capital trading to ensure that we strike the correct balance between our commercial imperatives and the market, legal, reputational and stakeholder risks that may arise.
- Provide oversight to the executive in developing a People Strategy for The Crown Estate.

Reporting against the Board's 2016/17 actions

We reported last year on a series of actions that were agreed to drive performance and good governance within the Board and its Committees and also to foster a culture of supportive challenge with the senior executives of The Crown Estate. An update on those actions is provided below.

Area of evaluation	Actions from 2016/17	Progress made in 2017/18
Board focus	<ul style="list-style-type: none"> • Seek further opportunities to discuss strategy in the Board calendar. • Executive to formulate a re-description of The Crown Estate's purpose for presentation to the Board. • Embed reporting and review of culture in the Board calendar. 	<ul style="list-style-type: none"> • Portfolio Vision presentations delivered for each portfolio and Board half-year strategy session undertaken. • The Crown Estate's purpose now embedded into strategy. • Specific culture focused items delivered in the Board calendar, with a 'people' themed Board meeting added for 2018/19.
Board composition	<ul style="list-style-type: none"> • Continue to embed diversity as a requirement of Board recruitment. • Review the Board calendar to include more informal Board sessions. • Seek opportunities to provide external input for Board consideration. 	<ul style="list-style-type: none"> • Diversity remains a core requirement of The Crown Estate's recruitment and Board recruitment under the Governance Code for Public Appointments. • Non-Executive Board Member only (with and without the Chairman) sessions undertaken at each Board meeting and for Committees. • External inputs received, including from the Javelin Group, CEBR and the World Economic Forum.
Risk management	<ul style="list-style-type: none"> • Examine and redefine The Crown Estate's risk appetite. • Describe The Crown Estate's internal assurance through a formal assurance framework. • Explore opportunities for more regular Board strategic risk discussions. • Consider the benefit of an additional risk-focused Audit Committee meeting. 	<ul style="list-style-type: none"> • Risk appetite now examined by the Board on a six-monthly basis. • Assurance framework now embedded with management and the Audit Committee. • Six-monthly strategic risk sessions embedded. • Risk-focused Audit Committee undertaken and added to the ongoing Board calendar.
Collaboration	<ul style="list-style-type: none"> • Continue to focus on embedding the new executive structure and conduct a review of implementation at the end of the financial year. 	<ul style="list-style-type: none"> • Implementation review undertaken and strategy streamlined to facilitate greater collaboration in 2017/18.
Conflicts of interest	<ul style="list-style-type: none"> • Continue to run regular conflict exercises for the Board and senior management. 	<ul style="list-style-type: none"> • Full Crown Estate conflict exercise (including Board and senior management) performed in March 2018.