



HM Treasury

Sovereign Grant Act 2011:

Report of the Royal Trustees on the Sovereign Grant 2024-25

March 2024

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Report of the Royal Trustees on the Sovereign Grant 2024-25

Presented to Parliament pursuant to Section 5(4) of the Sovereign
Grant Act 2011



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CORRECTION SLIP

Title: Sovereign Grant Act 2011: report of the Royal Trustees on the Sovereign Grant for 2024-25

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This report is made by the Royal Trustees under section 5(1) of the 2011 act. The report gives details of how the Sovereign Grant is calculated and announces that £86.3 million will be given to the Royal Household in support of His Majesty's official duties.

This correction slip replaces the ISBN/PU.

Corrections

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Chapter 1

Report of the Royal Trustees on the Sovereign Grant 2024-25

Legislative background

Calculation and payment of the Sovereign Grant

1.1 Under section 1(1) of the Sovereign Act 2011 (“the 2011 act”) the Treasury is to pay His Majesty a Sovereign Grant (“the grant”) for each financial year.¹ The purpose of the grant is to provide resources for use for that year by the Royal Household in support of His Majesty’s official duties.²

1.2 For each financial year, subsequent to the financial year 2012-13, the amount of the grant is the amount determined by the Royal Trustees³ for that year in accordance with section 6 of the 2011 act.⁴ Section 6 of the 2011 act as amended by the Sovereign Grant Act 2011 (Change of Percentage) Order 2024,⁵ provides that the amount of the grant for a financial year (“the relevant financial year”) is to be determined by the Royal Trustees using the five-step process set out on pages 8-9.

1.3 This is the first year where the step 1 calculation has been set at 12% of the income account net surplus of The Crown Estate for the base year. This follows a 2023 report from the Royal Trustees (“the 2023 report”), required by section 7 of the 2011 act, which concluded that it was appropriate to reduce the percentage used from 25% to 12%.

1.4 This decision was informed by the expectation that The Crown Estate’s future net income surplus will be impacted by substantial

¹ Financial year for these purposes means a year beginning with 1 April (see section 13(3) of the 2011 act).

² Section 1(2) of the 2011 act. In the 2011 act any reference to the support of His Majesty’s official duties includes the maintenance of Royal Palaces and related land (see section 13(8) of the 2011 act).

³ The Royal Trustees are the body established by section 10 of the Civil List Act 1952 (see section 13(7) of the 2011 act). They are the Prime Minister (as the First Commissioner of His Majesty’s Treasury), the Chancellor of the Exchequer and the Keeper of the Privy Purse.

⁴ Section 1(4) of the 2011 act.

⁵ SI 2024/52. This SI amended the percentage specified in step 1 of section 6(1) of the 2011 act from 25% to 12%

additional income from Offshore Wind option fees received from January 2023.

1.5 The grant for 2024–25 is determined using a base year that preceded these additional revenues. In the 2023 report, The Royal Trustees recognised that the impact of reducing the percentage used to determine the grant amount was likely to lead to the 2024-25 grant being set at the same amount as the preceding year.

1.6 The 2023 report also notes that the grant amount is then projected to increase for 2025-26 and be maintained at a similar level in 2026-27. The Royal Trustees concluded in the 2023 report that they were satisfied that this expected funding profile is appropriate given the several preceding years of flat Grant levels which have constrained activity in respect of property maintenance work and Buckingham Palace Reservicing.

Step 1

Calculate 12% of the income account net surplus of The Crown Estate⁶ for the base year.⁷

Step 2

Round the amount calculated under Step 1 up to the nearest £100,000.

Step 3

Find the greater of—

- (a) the amount determined under Step 2, and
- (b) the amount of the Sovereign Grant for the financial year that immediately precedes the relevant financial year

That amount is “the Step 3 amount”.

⁶ The income account net surplus of The Crown Estate for a financial year is the amount of that surplus as stated in the statement of accounts certified by the Comptroller and Auditor General under section 2 of The Crown Estate Act 1961 (see section 12(1) of the 2011 act).

⁷ The base year means the financial year that begins two years before the beginning of the relevant financial year (see step 1 in section 6 of the 2011 act).

Step 4

If the adjusted value of the Reserve Fund⁸ at the end of the base year⁹ exceeds 50% of the audited net relevant resources used for that year,¹⁰ the Royal Trustees may reduce the Step 3 amount by such amount as they consider appropriate.

Step 5

The amount of the Sovereign Grant for the relevant financial year is—

- (a) the Step 3 amount, or
- (b) if Step 4 applies, the Step 3 amount as reduced by the reduction (if any) made under Step 4

1.7 In exercising their powers under Step 4, the Royal Trustees must act in a way they expect will result in the adjusted value of the Reserve Fund at the end of the relevant financial year being about 50% of the audited net relevant resources used for that year.¹¹

Report of the Royal Trustees

1.8 Each financial year the Royal Trustees must prepare a report stating their determination of the grant for the following year and how that amount has been determined.¹² The report must be prepared as soon as practicable after the Comptroller and Auditor General has reported on:

⁸ The Reserve Fund was established under section 3 of the 2011 act. Grant not used for the year for which it is made is paid into the Reserve Fund. In years when the use of resources exceeds the amount of the grant, drawings from the Reserve Fund will supplement the grant (see generally section 3(3) and (4) of the 2011 act).

⁹ The adjusted value of the Reserve Fund at the end of the base year is the value of the Reserve Fund as stated in the statement of accounts for the base year as certified by the Comptroller and Auditor General under section 4 of the 2011 act but adjusted to take account of any payments to and from the Fund in respect of the base year which are not reflected in that statement of accounts (see sections 6(2) and (3) and 12(1) of the 2011 act).

¹⁰ The audited net relevant resources used for a financial year are the amount of net relevant resources used for that year as stated in the statement of accounts certified by the Comptroller under section 2 of the 2011 act (see section 12(1) of the 2011 act). For these purposes, net relevant resources for a financial year are the amount of resources used by the Royal Household for that year in support of His Majesty's official duties less the amount of income of the Royal Household for that year (excluding the grant) (see section 2(7) of the 2011 act).

¹¹ Section 6(4) of the 2011 act.

¹² Section 5(1) of the 2011 act.

- the statement of accounts of the Royal Household for the previous financial year
 - the statement of accounts of the Reserve Fund for that financial year
 - the statement of accounts for that year prepared by The Crown Estate Commissioners¹³
- 1.9 The Royal Trustees must give a copy of this report to the Treasury and the Treasury must lay the report before Parliament.¹⁴

The report

- 1.10 This report is made by the Royal Trustees under section 5(1) of the 2011 act.
- 1.11 This report states the determination of the Royal Trustees of the amount of the Sovereign Grant for the financial year 2024-25. It also states how that amount has been determined.

Sovereign Grant for the financial year 2024-25

- 1.12 The amount of the Sovereign Grant for the financial year 2024-25 is £86,300,000.
- 1.13 A statement of how that amount has been determined by the Royal Trustees is included in annex A to this report.

The Rt Hon. Rishi Sunak, MP

The Rt Hon. Jeremy Hunt, MP

Sir Michael Stevens

March 2024

¹³ Section 5(2) of the 2011 act.

¹⁴ Section 5(3) and (4) of the 2011 act.

Annex A

Statement of how the Sovereign Grant for 2024-25 has been calculated

A.1 The Sovereign Grant for 2024-25 has been determined in accordance with section 6 of the 2011 act as follows.

Step 1

The income account net surplus of The Crown Estate for 2022-23 was £442,600,000¹⁵

12% of £442,600,000 is £53,112,000

Step 2

£53,112,000 rounded up to the nearest £100,000 is £53,200,000.

Step 3

The grant amount for the financial year 2023-24 was £86,300,000.

The greater of £53,200,000 and £86,300,000 is £86,300,000.

The Step 3 amount is, therefore, £86,300,000.

Step 4

The adjusted value of the Reserve Fund at the end of the financial year 2022-23 was £10,100,000.¹⁶

The audited net relevant resources used for the financial year 2022-23 were £107,500,000.¹⁷

¹⁵ See page 116 of the crown-estate annual report 2022-23 – laying pdf ([thecrownestate.co.uk](https://www.thecrownestate.co.uk)):

The entry 'consolidated revenue account profit' in the Consolidated Revenue Account is the income account net surplus of The Crown Estate for 2022/23.

¹⁶ See page 83 of [Sovereign Grant Annual Report and Accounts 2022-23 for laying.PDF \(publishing.service.gov.uk\)](https://publishing.service.gov.uk).

No payments to and from the Reserve Fund in respect of the financial year 2022-23 have been made which are not reflected in the Annual Report and Accounts.

¹⁷ See page 81 of [Sovereign Grant Annual Report and Accounts 2022-23 for laying.PDF \(publishing.service.gov.uk\)](https://publishing.service.gov.uk).

The entry Total net expenditure in the Statement of Income and Expenditure is the audited net relevant resources for 2022-23.

50% of £107,500,000 is £53,750,000.

Step 4 does not, therefore, apply for the financial year 2024-25, since the adjusted value of the Reserve Fund at the end of 2022-23 did not exceed 50% of the audited net relevant resources used for that year.

Step 5

The grant for the financial year 2024-25 is the Step 3 amount, that is £86,300,000

HM Treasury contacts

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If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk