



**The Sovereign Grant
and
Sovereign Grant Reserve**
Annual Report and Accounts
2023 -2024



SOVEREIGN GRANT ACT 2011

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and
Sovereign Grant Reserve
Annual Report and Accounts
2023-24

Presented to Parliament pursuant to Section 2 and Section 4
of the Sovereign Grant Act 2011

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FRONT COVER: The Coronation of King Charles III and Queen Camilla
6th May 2023

Photograph - Leon Neal/PA

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INTRODUCTION

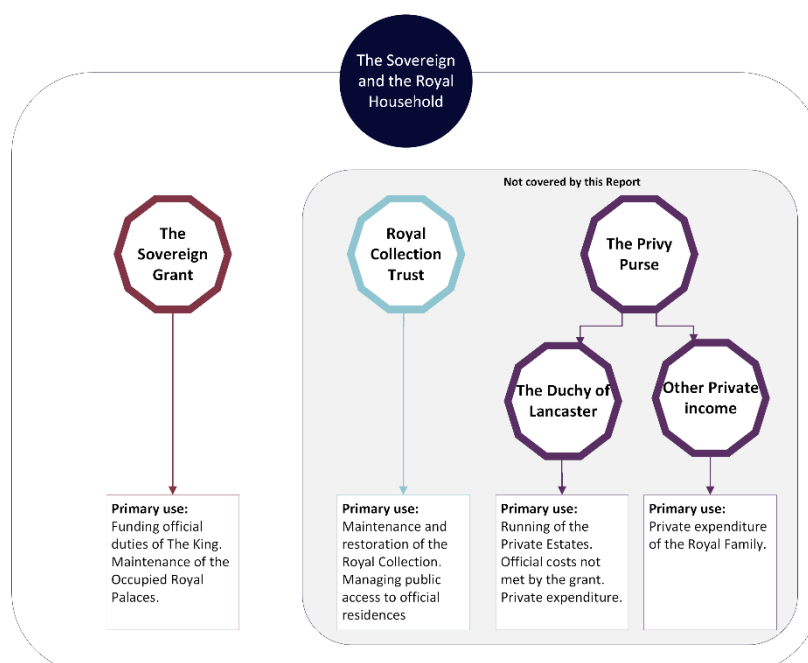
ABOUT THE SOVEREIGN GRANT

The official expenditure of The Sovereign is met from public funds in exchange for the surrender by The Sovereign of the Crown Estate revenue account profit to Government. From 1 April 2012 the funding provided to support the official duties of The Sovereign and maintain the Occupied Royal Palaces has been provided under the Sovereign Grant Act 2011 and is referred to as the 'Sovereign Grant'. The Royal Trustees agreed to increase the Sovereign Grant for a period of 10 years from 2017-18 to fund the Reservicing of Buckingham Palace.

The total Sovereign Grant for 2023-24 is unchanged from the prior year at £86.3 million (Core £51.8 million and Reserving £34.5 million). The Sovereign Grant for the year was calculated as 25% (15% Core, 10% Reserving) of the Crown Estate revenue account profit for the financial year two years previous, subject to the provision that the Sovereign Grant amount does not decrease year on year.

As set out in the Royal Trustees Report published in July 2023, the total Sovereign Grant for the financial year 2024-25 and until the next review by the Royal Trustees in 2027 will be 12% of the Crown Estate revenue account profit for the financial year two years previous, subject to the provision that the Sovereign Grant does not decrease year on year. Accordingly, the total Sovereign Grant for 2024-25 will remain unchanged at £86.3 million.

In addition to the Sovereign Grant, the official duties of Royal Family and the maintenance of the Occupied Royal Palaces are funded by a number of other sources which are not covered by this report, as shown in the diagram below¹. Further information is available online at www.royal.uk. The National Audit Office undertook a review into Royal Finances and published its report *Royal Household spending and accountability* in July 2023, which summarises these additional sources of funding, and is available on their website www.nao.org.uk.



¹ Royal Collection Trust www.rct.uk and the Duchy of Lancaster <https://www.duchyoflancaster.co.uk/> both prepare their own Annual Report and Accounts for publication.

INTRODUCTION

THE OFFICIAL DUTIES OF THE SOVEREIGN

The Sovereign's role comprises two distinct elements:

The role of **Head of State**, which is a formal constitutional concept, common to all nations and involves the official duties which The Sovereign, by constitutional convention, must fulfil.

The role of **Head of Nation**, a much more symbolic role in the life of the Nation, involving duties which are not directed by the constitution but which The Sovereign carries out where appropriate or necessary.

Since the United Kingdom has no codified constitution, the role of Monarchy is defined by convention – a non-legal but nevertheless binding rule. In carrying out both of these roles, The Sovereign is supported by the Sovereign Grant, and by members of the Royal Family who undertake official duties on behalf of The Sovereign.

HEAD OF STATE

The Sovereign is Head of State of the United Kingdom (and fourteen other independent countries²).

Every country has a Head of State with constitutional and representational duties, often laid down in law. The Sovereign is no different, though the scope of Their duties has generally been defined by constitutional convention rather than by statute.

The Sovereign is politically impartial and exercises constitutional powers on the advice of Government ministers. The Royal Household works very closely with a number of Government Departments on a wide range of matters, such as constitutional and legislative affairs, security, travel and ceremonial occasions.

The conditions of the Royal Prerogative³ are such that it is difficult to estimate the extent of their provision due to the uncertain nature of the circumstances that might prompt their use. This requires the institution of Monarchy to be flexible, while maintaining the highest possible standards befitting of The Household of The Head of State.

The Sovereign's constitutional role encompasses a range of parliamentary and diplomatic duties. For example, formal approval of all parliamentary legislation and secondary legislation through the Privy Council, as well as certain official public appointments. The Sovereign has a formal role in dissolving Parliament and opening each new parliamentary session and holds regular confidential Audiences with the Prime Minister. Diplomatically, The Sovereign receives the credentials of foreign Ambassadors and receives visits from other Heads of State. As Head of State, The Sovereign is the Fount of Honour and all honours are awarded in Their name (though, with certain exceptions, most are awarded on the advice of Government). The Sovereign is also Head of the Armed Forces, Head of the Judiciary and the Civil Service, and Supreme Governor of the Church of England.

In all these roles, The Sovereign provides a sense of continuity, a focus for loyalty and an assurance of political independence and neutrality for these institutions.

² Antigua and Barbuda, Australia, Bahamas, Belize, Canada, Grenada, Jamaica, New Zealand, Papua New Guinea, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Solomon Islands and Tuvalu

³ Royal Prerogative is the term given to the formal powers of the Crown within the executive process of British politics which form part of common law.

INTRODUCTION

HEAD OF NATION

The Sovereign's role as Head of Nation is as significant as Their role as Head of State and can be divided into four key elements – unity and national identity, continuity and stability, achievement and success and support of public and voluntary service.

The Sovereign has a significant function as a symbol of national identity, unity and pride. For example, it is as Head of Nation and not as Head of State that The Sovereign makes the annual Christmas Broadcast and sends messages of congratulation on national achievements, messages of condolence at times of national, international and Commonwealth tragedy, and messages of support and encouragement at times of national crisis such as the Covid-19 pandemic.

The Monarchy provides an important sense of continuity and stability at a time of rapid social, cultural and technological change. The normal rhythm of the Monarchy provides reassurance to many people. This is helped by recurring traditional events like the State Opening of Parliament, Trooping the Colour, Holyrood Week and Remembrance Sunday. In addition, anniversaries such as the Platinum Jubilee, Coronation anniversaries and family milestones to which people can relate – invite members of the public to join together with their communities to celebrate, reflect and look forward.

HEAD OF COMMONWEALTH

The King, in His Accession speech in 2022, stated his desire to continue to “seek the peace, harmony and prosperity of the peoples of the Commonwealth Realms and Territories throughout the world”.

THE ROYAL FAMILY

Her Majesty The Queen and the wider Royal Family support The Sovereign particularly in relation to His Majesty's role as Head of Nation. Their work has become fundamental to the United Kingdom's appreciation of the strengths and functions of the modern-day Monarchy.

Together, in supporting The Sovereign's official duties, members of the Royal Family normally complete over 2,000 engagements across the UK and overseas, bringing the institution of the Monarchy into direct contact with all sections of society.

In turn, members of the Royal Family are supported in undertaking their UK official engagements by Lord-Lieutenants, who are responsible for the organisation of Royal visits to their county and who make sure that The Sovereign's Private Office is kept informed about local issues relating to their area. Lord-Lieutenants are also responsible for the presentation of Honours, awards and decorations where the recipient cannot attend an Investiture.

PERFORMANCE REPORT

This Performance Report sets out how the Royal Household has worked to deliver its objectives, along with any challenges to delivery, highlighting its keys achievements and future plans.

To ensure clarity of this information it is useful to understand the Royal Household's Purpose and Objectives.

PURPOSE

The role of the Royal Household has always been to provide exceptional support and service to The Sovereign and members of the Royal Family, in their service to the Nation. Continuous improvement is an important part of the Royal Household's operating approach to ensure it continues to operate in a business-like and professional manner with a strong emphasis on value for money.

The new reign has given the Royal Household the opportunity to define a new expression of purpose underpinned by a refreshed set of values. This involved an extensive programme of work over the course of 2023-24 involving employees at all levels across the Royal Household. The outputs were launched in March 2024 and will be used to help guide the organisation as it moves forward.

| Purpose | We support the Sovereign in serving the UK and Commonwealth to help shape a better world. | | | | |
|---------|---|----------------|------------------|--------------|-----------------|
| | Act with Care | Make an Impact | Succeed Together | Stay Curious | Lead by Example |
| Values | | | | | |

Five departments support the activities of the Royal Household and members of the Royal Family who are performing Official Duties: the Private Secretary's Office, the Privy Purse and Treasurer's Office, the Master of the Household's Department, the Lord Chamberlain's Office and Royal Collection Trust. The activities undertaken by these departments in relation to The Sovereign's Official Duties, other than Royal Collection Trust which is funded as a separate registered charity⁴, are paid for by the Sovereign Grant.

OBJECTIVES

The Royal Household's objectives which have been in place throughout 2023-24 are set out below.

| | Pages |
|---|----------|
| • Plan and deliver first-class Royal Events | 9 to 10 |
| • Provide high quality advice and effective input into policy issues | 10 to 11 |
| • Communicate effectively the role and activities of the Monarchy | 11 to 15 |
| • Support /Influence all Royal Households | 15 |
| • Maintain and make accessible the Official Royal Residences and the Royal Collection | 16 to 22 |

⁴ An annual report is prepared and published by the Royal Collection Trust, copies of which are available at www.rct.uk.

PERFORMANCE REPORT

- Continue to develop a diverse team of well-led, trained, motivated and adaptable professionals 22 to 24
- Ensure best value from financial resources 24 to 25
- Ensure business process / infrastructure provides the best possible support and continues to develop 25
- Operate in a sustainable way to minimise the Royal Household's impact on the environment 29 to 36

OVERVIEW OF THE YEAR

The year ended 31 March 2024 was defined by the four days of national and international celebrations surrounding The Coronation of Their Majesties, including a reception for over 200 visiting Heads of State and Government, The Coronation Service at Westminster Abbey, a live concert at Windsor Castle attended by 20,000 people, and the Big Help Out day of volunteering. This was followed by the presentation to The King of the Honours of Scotland in St Giles' Cathedral, Edinburgh. Their Majesties received one inward and undertook two outward State Visits, alongside a diverse programme of events for all working members of the Royal Family across the Realms and Commonwealth. During this period, the Royal Household welcomed over 105,000 visitors to the Occupied Royal Palaces through 400 events. Alongside this, the Buckingham Palace Reservicing Programme continued apace, and saw the completion of the East Wing after five years of works to protect and preserve this famous part of the building including the Centre Room, which leads out to the balcony on which the Royal Family have appeared for special occasions since 1851.

Royal engagements and activities across the United Kingdom, Realms, Commonwealth and wider world are reported on the Royal Family website⁵ and through social media channels.

Further analysis, considering the performance against each of the Royal Household's objectives is provided after the Finance Review on pages 7 to 8.

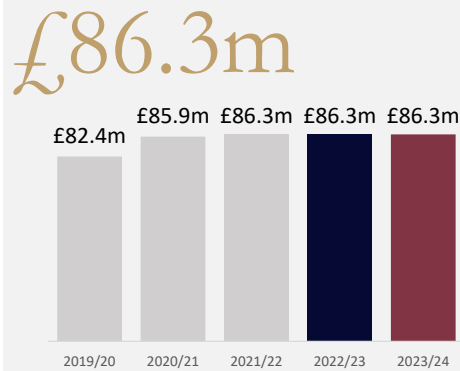
⁵ www.royal.uk

PERFORMANCE REPORT

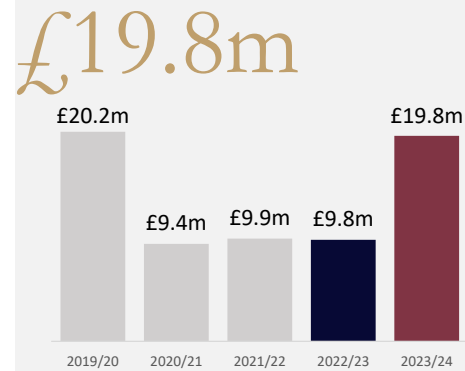
FINANCE REVIEW

Financial highlights from the year are shown below.

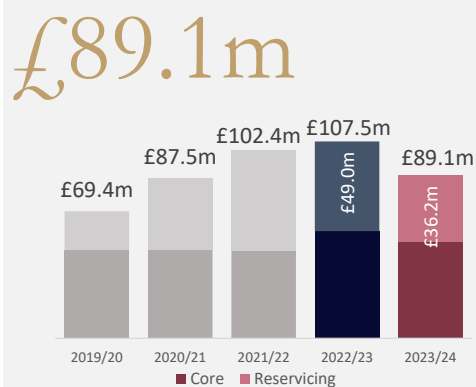
Funding



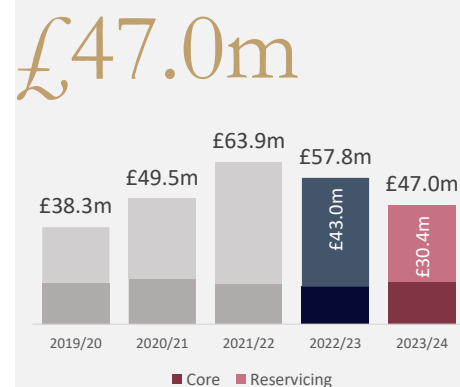
Income



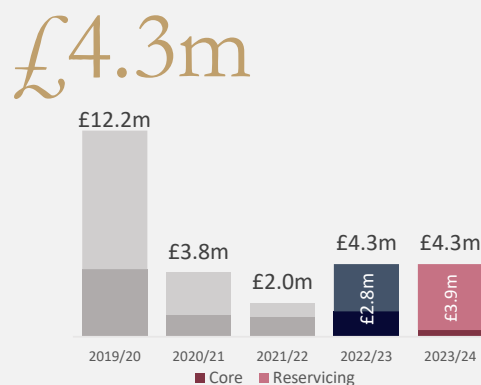
Official net expenditure met by Sovereign Grant



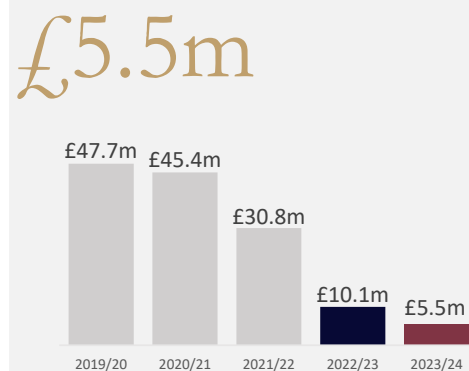
Property Maintenance



Capital Expenditure



Closing Sovereign Grant Reserve



PERFORMANCE REPORT

As set out on page 2, Sovereign Grant funding in 2023-24 was £86.3 million, having remained at this level since 2021-22.

The Royal Household supplements the Sovereign Grant by generating income from property rental, facilities management charges and recharges of shared services to related entities. During 2023-24, this income amounted to £19.8 million (2022-23 £9.8 million), a net increase of £10.0 million (102 %):

- Facilities management charges increased to £8.8 million (2022-23 £0.5 million) due to the increase in paying visitors to Buckingham Palace and Windsor Castle back to almost pre-covid levels, combined with a change to how this charge is calculated which was agreed during the year.
- Recharges and other income increased 26% to £7.2 million (2022-23 £5.7 million) predominantly due to increased property maintenance carried out on behalf of Royal Collection Trust which was recharged accordingly.
- Property rental income has increased 6% year on year to £3.8 million (2022-23 £3.6 million), as a flat Sovereign Grant since 2021-22, combined with lower income from Facilities Management Charges over that period has meant that core Property Maintenance expenditure has been restricted, thereby limiting the ability to generate additional property rental income.

Total expenditure decreased £8.4 million to £108.9 million (2022-23 £117.3 million) due to the property maintenance expenditure decreasing £10.8 million to £47 million (2022-23 £57.8 million).

- Core property maintenance increased £1.8 million to £16.6 million due to the recharge of £2.2 million of legacy costs from the Buckingham Palace Reservicing programme. These legacy costs relate to incidents of historic damage to Buckingham Palace identified and repaired during the Buckingham Palace Reservicing programme which are outside the scope of the programme.
- As expected, property maintenance expenditure in respect of the Reservicing of Buckingham Palace decreased to £30.4 million (2022-23 £43 million) in order to match activity to the available funding. This reduction is after lending a further £3.9 million to the Buckingham Palace Reservicing Programme from the Core Sovereign Grant Reserve during the year in order to maintain momentum on the Buckingham Palace Reservicing Programme. These funds will be returned to the Core Sovereign Grant Reserve over the remainder of the programme.
- Other expenditure, including in respect of travel, utilities and digital services, have all increased due to underlying increases in activity compared to 2022-23.

Total net expenditure met by the Sovereign Grant decreased by 17% from 2022-23 to £89.1 million, principally due to the £10 million increase in supplementary income offset and an £8.4m decrease in total expenditure explained above.

The consolidated Sovereign Grant Reserve at 31 March 2024 is £5.5 million (31 March 2023: £10.1 million) and does not include any funds to meet future commitments for the Reservicing of Buckingham Palace.

PERFORMANCE REPORT

PERFORMANCE AGAINST OBJECTIVES

1. Plan and deliver first-class Royal Events

The Royal Household, in addition to enabling The Sovereign to undertake Their constitutional duties as Head of State, helps to support The Sovereign and other members of the Royal Family to plan and deliver a programme of first-class Royal events. This includes recognising achievements and success from across our society, through the Honours system culminating in Investitures and by a range of prizes, awards and events⁶.

In 2023-24, the first full year of His Majesty's reign, the Royal Household saw an increase in the hosting of Royal Events, despite the announcements about the health of His Majesty and The Princess of Wales during this period. The Royal Household delivered 400 events (2022-23: 338), welcoming over 105,000 guests to Official Residences over the course of the year:

| | |
|-------------------------------|-----|
| No. Major Events ⁷ | 1 |
| Total no. events | 400 |
| Receptions | 113 |
| Lunches / Afternoon Teas | 188 |
| Investitures | 41 |
| Garden Parties | 8 |
| Dinners | 50 |

In addition, 2023-24 saw a State Visit from the President of the Republic of Korea.

Major event(s) in the year

The Coronation of The King and Queen took place on 6 May 2023 (2023-24 Sovereign Grant cost £0.6 million, Total Sovereign Grant cost £0.8 million). Key national events to celebrate the Coronation included:

- The Coronation Big Lunch⁸, comprising more than 65,000 individual Big Lunch events taking place across all four Nations, bringing neighbours and communities together to share friendship, food and fun.
- The Big Help Out⁸, a reflection of The King's own enduring public service, encouraging people to volunteer in support of communities. An estimated 7 million people took part in over 30,000 volunteering opportunities. 70% of those who took part said it made their neighbourhood feel more united as a result and 80% said they had met someone new from a different background.
- 20,000 people attending the Coronation Concert⁸ at Windsor Castle which was broadcast to over 100 nations and watched live by a UK audience of over 10 million viewers.

The Royal Household's ability to deliver Royal Events could be compromised during the Buckingham Palace Reservicing Programme where there will be periods of time where function space within Buckingham Palace will be limited and where necessary events will be held at

⁶ These include The King's Award for Enterprise, The Queen Elizabeth II Prize for Engineering, The King's Gold Medal for Poetry, The King's Medal for Music and The Queen's Anniversary Prizes.

⁷ Major events are considered to be those with a cost to the Sovereign Grant of more than £400,000

⁸ This event was not funded from the Sovereign Grant

PERFORMANCE REPORT

alternative Occupied Royal Palaces, such as Windsor Castle or St James's Palace. This is mitigated by appropriate diary planning and ensuring that all function spaces across the Occupied Royal Palaces are considered as part of this planning process.

In the longer term, the Buckingham Palace Reservicing Programme will support the Royal Household's ability to deliver Royal Events, by ensuring the Palace meets current safety standards which in turn protect the safety of the thousands of visitors and guests who are welcomed each year.

Future Plans

The Royal Household will continue to support The Sovereign and other members of the Royal Family to undertake engagements. Following the announcements about the health of His Majesty and The Princess of Wales, there will be fewer public engagements in total during the period of treatment and recovery. His Majesty has however continued to undertake all constitutional duties throughout this period, as well as meeting all Government deadlines.

2. Provide high quality advice and effective input into policy issues

The Royal Household supports The Sovereign in Their role as an apolitical Head of State in which They exercise Their Constitutional duties on the advice of Government. The Royal Household also offers advice in light of The King's role as Head of Nation as a focus for national unity and pride.

Throughout the year the Royal Household has provided high quality and timely advice to enable His Majesty to effectively fulfil his constitutional duties as Head of State, including State Visits to France and Kenya and receiving Heads of State, Ambassadors and Commonwealth High Commissioners.

The research and advice provided by the Royal Household has also supported The King in conducting visits and engagements with communities across the world, as well as audiences and receptions to celebrate and recognise the contributions to society made by individuals and groups. Full details are reported on the Royal Family website⁹. The Royal Household has similarly supported His Majesty in his engagement with communities across the Commonwealth, the Anglican Church and other faiths, and the armed forces, to offer leadership and support.

The Royal Household's continued liaison between His Majesty's Government and the Governors General of Realms, ensures all recommendations put to The King are constitutionally appropriate.

The Royal Household seeks to engage with a wide range of stakeholders from across diverse sectors, groups and communities of the United Kingdom and Commonwealth in order for engagement to continue to be reflective of society as a whole. This seeks to manage, to the best of the Royal Household's ability, political and constitutional risks to the proper functioning of parliamentary democratic systems.

Future Plans

The Royal Household will continue to provide research on historical events, current affairs, and future trends to help inform advice which supports The King in discharging His constitutional

⁹ www.royal.uk

PERFORMANCE REPORT

duties and undertaking meaningful and effective engagements which support the interests of the United Kingdom, Realms and wider Commonwealth.

This includes Outward and Inward State Visits, for example the State Visit by the Emperor and Empress of Japan in June 2024, the Commonwealth Heads of Government Meeting in Samoa in October 2024 and meeting foreign and Commonwealth leaders when they visit the United Kingdom.

3. Communicate effectively the role and activities of the Monarchy

The Royal Household aims to build public engagement with, and understanding of, the role and relevance of the modern-day Monarchy, its public value and impact, and of the public duties of Their Majesties and other working members of the Royal Family.

The Royal Household's communications activity during the year has helped to demonstrate the role, activities and impact of the Royal Family on a global stage. The Coronation of Their Majesties on 6 May generated worldwide media engagement, with the service broadcast to over 125 nations and a UK audience alone of over 25 million.

During the year the Royal Household's digital channels continued to experience rapid growth, reflecting a period of investment and innovation to adapt to a changing media landscape. In 2023-24 official Royal social media accounts generated over 1.6 billion impressions, official Royal videos were viewed over 269 million times, and the official website attracted 4.6 million new users.

Public engagements

The Royal Household delivers a varied programme of public engagements for Their Majesties, and other working members of the Royal Family, encompassing The King's constitutional duties alongside activities that recognise and bring attention to deserving individuals and causes throughout the United Kingdom and overseas, including the Realms and the Commonwealth.

In the year, members of the Royal Family undertook over 2,300 public engagements. His Majesty undertook 464 official engagements, notwithstanding His diagnosis with cancer. Her Majesty undertook 201, of which 103 were joint engagements.

Full details of Their Majesties public engagements are available on The Royal Family website¹⁰. Highlights of Their Majesties' engagements in 2023-24 include:

- | | |
|-------|---|
| April | <ul style="list-style-type: none">• The King and Queen attended the Maundy Service at York Minster, at which His Majesty distributed the Royal Maundy.• Their Majesties visited Liverpool Central Library and the set of the Eurovision Song Contest 2023 in Liverpool.• The King attended the start of the London leg of the Australian Legacy Centenary Torch Relay in the Quadrangle of Buckingham Palace. |
| May | <ul style="list-style-type: none">• Their Majesties' Coronation, which included the Coronation Big Lunch and the Coronation Concert.• The King broke ground on the new Whittle Laboratory, Cambridge, and toured the High-Speed Laboratory to view some of the latest aviation technologies.• The King and Queen visited Northern Ireland. |

¹⁰ www.royal.uk

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- The King received the Governor-General of Canada and Canadian Indigenous Leaders.
 - The Queen visited Shirehampton Primary School in the City of Bristol to celebrate the Coronation Libraries Programme.
 - The King and Queen visited St. Paul's Church, London, to mark its 390th Anniversary and met representatives from the Covent Garden Community Association.
- June
- The King and Queen held a Reception at Buckingham Palace to celebrate 'Windrush: a Pioneering Generation' to mark the 75th Anniversary of the Landing of HMT Empire Windrush at the Port of Tilbury.
 - The Queen attended a Garden Party to mark the 30th Anniversary of Bees for Development.
 - The King held a Reception for recipients of The King's Award for Enterprise at Buckingham Palace.
 - The King held a Reception for Global Leaders on Space Sustainability
 - The King received the President of The Portuguese Republic, and attended a Service of Thanksgiving to mark the 650th Anniversary of the Anglo-Portuguese Alliance.
 - The King and Queen attended a Reception for The Queen's Reading Room Literary Festival at Hampton Court Palace in East Molesey, Surrey, after which Her Majesty attended a Festival performance at the Palace.
 - The King and Queen attended the Animal Ball at Lancaster House, London, to mark the Twentieth Anniversary of Elephant Family. Their Majesties were received by the Co-Founder and Trustee of Elephant Family, Mrs. Ruth Ganesh, and the Chairman of the British Asian Trust, the Lord Gadhia.
 - The King and Queen and other Members of the Royal Family were present at The King's Birthday Parade on Horse Guards Parade, at which The King's Colour of the 1st Battalion Welsh Guards was Trooped. Their Majesties and Their Royal Highnesses later witnessed a fly-past by aircraft of the Royal Navy, Army and Royal Air Force to mark the official celebration of The King's Birthday.
 - The King, accompanied by The Queen, held a Chapter of the Most Noble Order of the Garter in the Throne Room, Windsor Castle, and later gave a Luncheon Party for the Companions of the Most Noble Order of the Garter.
- July
- The King and Queen honoured Ascot Races with their presence.
 - The King and Queen attended a Service of Thanksgiving and Dedication in St. Giles' Cathedral to celebrate Their Majesties' Coronation.
 - The President of the United States of America visited The King.
 - The King visited the Battle of Britain Memorial Flight at Royal Air Force Coningsby. His Majesty was received by the Officer Commanding the Flight and met members of staff and veterans of the Second World War.
 - The King and Queen visited Sandringham Flower Show.
 - Their Majesties visited the Royal Infirmary of Edinburgh to mark the 75th Anniversary of the National Health Service.
 - Their Majesties visited the Barbara Hepworth Museum and Sculpture Garden and met young people from the Tate Collective programme.
 - Their Majesties visited Brecon Cathedral to mark the Centenary of the Diocese, visited Brecknock Agricultural Society's Show and attended a Reception for members of the local community, and volunteering and rescue services.

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- Their Majesties held a performance by the Royal Shakespeare Company and a Reception at Windsor Castle to celebrate the 400th Anniversary of the publication of the First Folio and the Contribution of William Shakespeare's works to the Literary Culture and Society of the United Kingdom.
- The King and Queen visited the Barbara Hepworth Museum and Sculpture Garden in St. Ives, Cornwall, to mark the Thirtieth Anniversary of Tate St. Ives, which manages the museum. Their Majesties toured the museum and garden and met young people from the Tate Collective programme, which organises events at the museum, and members of the local artistic community.
- August
 - The King attended the Mey Highland Games.
 - The King, accompanied by The Queen, presented the new Ballater Colour to Headquarters 51 Infantry Brigade and Headquarters Scotland.
- September
 - The King visited Kinross Day Centre to mark its 40th Anniversary and met volunteers and members of the local community who use the Centre.
 - The King and Queen conducted a State Visit to France. During Their Majesties' Visit, His Majesty addressed the French Senate and, together with Her Majesty, attended a State Banquet at the Palace of Versailles.
- October
 - The President of Montenegro visited The King.
 - The King received the Baroness Scotland of Asthal, Commonwealth Secretary-General.
 - The King and Queen conducted a State Visit to Kenya. During the Visit Their Majesties visited Uhuru Gardens, where His Majesty laid a wreath at the Tomb of the Unknown Warrior and viewed the Mugumo Tree.
- November
 - The 75th Anniversary of the Birthday of The King. The King and Queen officially launched the Coronation Food Project at South Oxfordshire Food and Education Alliance.
 - The King and Queen hosted a Reception at Buckingham Palace to recognise the United Kingdom's contribution to humanitarian efforts across the world.
 - The President of the Republic of Korea and Mrs. Kim Keon Hee conducted a State Visit to The King and Queen.
 - The Queen attended the Commonwealth Women Leader's Forum.
 - The King visited Lambeth Palace Library to mark Inter Faith Week.
 - The Queen held an Awards Ceremony at Buckingham Palace for The Queen's Commonwealth Essay Competition.
 - The King conducted a visit to the United Arab Emirates, where he attended the United Nations Climate Change Conference of the Parties (COP28).
 - The Queen joined the Commonwealth Women Leader's Forum at Marlborough House, London, and attended a Reception.
- December
 - The King and Queen held an Evening Reception at Buckingham Palace for the Diplomatic Corps at which The Prince and Princess of Wales were present.
 - The King toured the Christmas Market at Ealing Broadway Shopping Centre in London to speak with local business owners before meeting winners of The King's and Queen's Award for Voluntary Service. The King also viewed performances by a Polish choir and the Impact Theatre group.
- January
 - The Queen opened the Safe Space at Aberdeen Art Gallery in the City of Aberdeen.

PERFORMANCE REPORT

- The Queen visited Swindon Domestic Abuse Support Service, Wiltshire to mark its Fiftieth Anniversary and officially name the charity's refuge, "Jenni's House".
 - The Queen visited Refuge's Gaia Centre in Lambeth, London.
 - The Queen opened Maggie's Centre at the Royal Free Hospital in London.
- February
 - The Queen held the Grand Final of the BBC 500 Words creative-writing competition at Buckingham Palace.
 - The Queen held a Reception at Clarence House to celebrate the One Hundredth Anniversary of the Poppy Factory.
 - The Queen held a Reception at Clarence House to celebrate the 15th Anniversary of Medical Detection Dogs.
 - Mrs. Olena Zelenska (wife of The President of Ukraine) was received by The Queen.
- March
 - Veterans of the Korean War were received by The King.
 - The King received faith leaders who have been supported by the Windsor Leadership Trust.
 - The Queen, representing The King, visited the Isle of Man. Her Majesty conferred City status on the Borough of Douglas and met members of the local community.
 - The Queen, representing The King, attended the Maundy Service in Worcester Cathedral and distributed the Royal Maundy.
 - The Queen held a Reception at Buckingham Palace to mark the Conclusion of the Women of the World Girls Festival Tour.
 - The Queen, representing The King and accompanied by other Members of the Royal Family, attended the Commonwealth Day Service of Celebration in Westminster Abbey, London. Her Majesty subsequently attended a Commonwealth Day Reception given by the Commonwealth Secretary-General at Marlborough House.
 - The Queen, representing The King, visited Northern Ireland. Her Majesty visited Coffey's Butchers, Arcadia Delicatessen and Knott's Bakery in Belfast, attended the 2nd Battalion Pass Off Parade of The Rifles at Thiepval Barracks, and attended a Performance and Reception for The Queen's Reading Room at Hillsborough Castle.

Correspondence

Anyone in the world has the opportunity to contact The Sovereign, and the correspondence received enables the Royal Family to engage directly with people from across the globe.

During 2023-24 the Royal Household received 138,303 items of correspondence. 31,311 of these items related to Their Majesties' Coronation and 27,620 items contained well wishes for The King and The Princess of Wales following their respective health announcements.

Separate to this, the Royal Household received applications to the Anniversaries Office as shown:

| | |
|--|--------|
| No. applications to the Anniversaries Office | |
| Anniversary cards | 39,003 |
| Milestone birthdays | 8,840 |

These forms of engagement allow The Sovereign to recognise and celebrate milestones with members of the public, bringing the Monarchy into direct contact with those they serve.

PERFORMANCE REPORT

Future Plans

The Royal Household will continue to communicate effectively the role and activities of The Sovereign through timely and effective communications combined with a varied programme of public engagements which enable His Majesty to deliver His constitutional duties whilst also recognising the success and contributions from individuals and groups across society.

4. Support / Influence all Royal Households

The Royal Household supports Households of other working members of the Royal Family, and the Royal Collection Trust, through the provision of shared services. This includes property maintenance, digital services, travel, security vetting, hospitality, domestic support, correspondence, human resources, procurement, finance and payroll. These shared services are governed by the Treasury Finance Manual which sets out the basis for recharging appropriate costs to other Households.

The Royal Household also supports The Sovereign through the coordination of activities undertaken by those who support other members of The Royal Family in delivering their Official Duties. Regular and timely cross-Household leadership meetings assist the formulation and implementation of strategy, by ensuring active collaboration and liaison between key stakeholders. This facilitates the provision of well-considered advice on policy and precedent, backed by briefings and statistics. The support to Government and external stakeholders, the tracking of Royal activity and the cascading of invitations, allows for a co-ordinated response where the work of each member of the Royal Household is utilised to achieve the greatest impact. These processes mitigate risks of duplication or not in matching Royal activity to national and international need.

The Royal Household regularly reviews and updates internal policies and guidance to staff to facilitate appropriate and respectful behaviour in the workplace. This encourages the highest standards of public service, in which staff act with integrity, care, working together to make an impact in accordance with the Royal Household's values.

Future Plans

Throughout the Royal Household, teams will continue to work closely to facilitate effective support of The Sovereign. Continued cross-Household leadership meetings will allow for the work of The Royal Family to be well supported; this internal collaboration will be twinned with support to government and external stakeholder liaison.

The Treasury Finance Manual is reviewed and updated annually. The Royal Household will continue to work with the Households of other working members of the Royal Family and the Royal Collection Trust to identify if there are other areas which might benefit from shared services, particularly with value for money in mind.

PERFORMANCE REPORT

5. Maintain and make accessible the Official Residences and the Royal Collection

During the year the Official Residences welcomed over 105,000 visitors and guests (2022-23: over 95,000 visitors and guests) and there were c7.2m visitors viewing the Royal Collection (2022-23: c5.7m), demonstrating the ongoing accessibility of both the Official Residences and the Royal Collection.

The maintenance of the Official Residences is split between the Royal Household Property Section, which is responsible for the ongoing pre-planned preventative maintenance programmes across the Occupied Royal Palaces and the separate Buckingham Palace Reservicing Programme established to replace the ageing services throughout Buckingham Palace and deliver operational improvements to ensure that the Palace is fit for future generations.

These activities are considered separately.

ROYAL HOUSEHOLD PROPERTY SECTION

Since the introduction of the Sovereign Grant in 2012-13, 55% of the increase in the Core Sovereign Grant has been allocated to property maintenance (2022-23 58%)¹¹, thus meeting the 50% target agreed with the Public Accounts Committee in 2013¹².

All projects with a construction cost of £15,000 or more are individually monitored through the Annual Works Programme, showing projected and actual costs, which is updated monthly. A summary of property maintenance activities undertaken in 2023-24 is below. All projects over £125,000 are approved through a Business Case process.

| | 2023-24 | 2022-23 |
|---|---------|---------|
| Core Property Maintenance expenditure ¹³ | £16.6m | £14.8m |
| No. property maintenance projects > £15,000 | 76 | 61 |
| Of which no. >£400,000 | 5 | 1 |

Highlights of the major projects (in year spend of more than £400,000) within the year include:

- *East Wing Works (Decorations including regilding, Floorboard polishing, hanging of historic wallpaper in the Yellow Drawing Room), Buckingham Palace (£729k this year, £1.36m total costs to date)*

The project incorporates works which are outside of the Buckingham Palace Reservicing Programme but which are being aligned with the Programme before reoccupation and the opening of the Principal Rooms (the Yellow Drawing Room, the Centre Room and the Chinese Dining Room) to the public for the first time this summer.

¹¹ Excluding Property Maintenance Salary costs, 50% of the increase in the Core Sovereign Grant since 2012-13 has been allocated to property maintenance (2022-23: 53%).

¹² The Royal Household has committed to use over 50% of any increase in the Core Sovereign Grant funding (since the introduction of the Sovereign Grant in 2012-13) to increase Property Maintenance expenditure to a level which will improve the condition of the Occupied Royal Palaces Estate. The latest independent condition assessment survey of the Occupied Royal Palaces Estate at December 2020 highlighted that 53% of the Estate was at or above target condition (50% in 2017). The next condition assessment will take place in 2025-26.

¹³ Before any recharges to other funding sources.

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- *Salisbury Tower Structural Repairs, Windsor Castle (£928k this year, £1.2m total costs to date)*
Project to repair significant structural stone wall defects at the top of the tower and the refurbishment of two residential apartments.
- *Asbestos Removal, Buckingham Palace Mews (£554k this year, £1.1m total costs to date)*
Asbestos removal within the quadrangle roof spaces necessary to allow access to maintain services in the void spaces.
- *Lord Chamberlain's Upper Store Roof, Windsor Castle (£657k this year, £1.08m total costs to date)*
Lead roof replacement due to heavy and consistent water penetration from failing old roof finish and the installation of the first roof mounted Photovoltaic Panels at Windsor Castle.
- *Windsor Water (Tanks & Pumps), Windsor Castle (£465k this year, £10.59m total costs to date)*
Completion of the Windsor Castle and Home Park water infrastructure project to replace the in-house water delivery system to a direct supply from Thames Water.
- *Buckingham Palace Reservicing Programme Legacy Costs (£2.2m this year, £2.2m total costs to date)*
As a result of the Buckingham Palace Reservicing Programme, incidents of historic damage to the Palace have been identified and repaired. As this work is outside the scope of the programme, a policy was agreed during the year for any separately identifiable costs relating to these repairs to be borne by the Core Sovereign Grant.

The Property Section ensures the Occupied Royal Palaces are accessible for Royal Collection Trust's visitors. Accordingly, Royal Collection Trust, a registered charity is charged annual facilities management charges for the use of Windsor Castle and Buckingham Palace.

The continuing risk to the delivery of planned property maintenance is the availability of both financial and other resources, including the team's ability to recruit and retain the necessary expertise. This is mitigated through the regular updating of the Property 10 year plan and associated resource planning against the future work programme.

Future Plans

The Annual Works Programme of the Property Section for 2024-25 includes a number of major projects which aim to meet the objective of maintaining the Occupied Royal Palaces as set out in the Sovereign Grant Framework Agreement with HM Treasury. Significant planned projects include:

- *Fire Alarm Replacement, St. James's Palace*

The existing fire alarm system across the Occupied Royal Palaces estate needs replacement over the next 5 years commencing with St. James's Palace (the replacement of the fire alarm system at Buckingham Palace is being aligned with the Reservicing Programme)

PERFORMANCE REPORT

- *East Wing Attic Fire Compartmentation, Buckingham Palace*

The installation of additional fire compartmentation within the roof void to increase fire protection within the Palace.

- *Roof Void Asbestos Removal, Buckingham Palace Royal Mews*

Continuation of the project to remove asbestos within roof voids allowing the safe maintenance/replacement of mechanical and electrical assets.

- *Plate Heat Exchangers, Windsor Castle*

The replacement of life expired units with more efficient heat exchangers to reduce energy usage and carbon emissions, as well as deliver cost savings.

- *Gas Lantern Conversion, Buckingham Palace*

The gas lamps across the estate were turned off during the recent energy crisis and this is the first phase of a programme to convert them to electrical fittings whilst retaining as much of the historic fabric as possible.

- *Renovation and Refurbishment of Apartments 1 and 7, Kensington Palace*

The full renovation and refurbishment of the apartments to optimise occupancy and rental income across the Occupied Royal Palaces estate.

- *Store Tower Roof, Windsor Castle*

Replacement of a life expired roof finish with traditional materials.

- *Roof Replacement, Apartment 47, Buckingham Palace Royal Mews*

The works will replace the roof and refurbish the apartment.

- *Reservicing and Renovation of York House, St. James's Palace*

The initial clearance, strip out and surveying of the York House occurred a number of years ago. Due to the impact of Covid on the Royal Household finances the scheme was delayed but will recommence during 2024-25.

- *External Decorations, London and Windsor Estate*

The external redecoration programme across the Occupied Royal Palaces estate will recommence after a 4 year hiatus due to the impact of Covid on Royal Household finances.

PERFORMANCE REPORT

BUCKINGHAM PALACE RESERVICING

The Buckingham Palace Reservicing Programme will replace the core services¹⁴ throughout Buckingham Palace to protect against the risk of fire and flood. The Programme will also deliver operational improvements to ensure that the Palace is fit for future generations.

The remit and associated activities during the year of the Programme directly contributing to the Royal Household objective are:

| Objective | Progress during 2023-24 |
|---|--|
| Replace the ageing core services of the Palace to minimise the very real risk of fire or flood damage | Progression of the Palace Wide Infrastructure project in the basement, ensuring that business as usual is maintained. This includes the removal of the ageing core services from the basement trenches, clearance of asbestos, and structural repairs of the trenches, allowing for new services to be installed. |
| Ensure that Buckingham Palace remains fit for purpose through operational improvements. | <p>The completion of the work on the East Wing during the year not only reduces the risk of fire and flood significantly, but also realises key Programme benefits. These include the introduction of new ensuite bedrooms, lavatories, and two new passenger lifts.</p> <p>In the West Wing, the progression of the reservicing works, coupled with the delivery of new guest lavatories and staff changing facilities, further ensures that Buckingham Palace remains fit for purpose now and for the future. The replacement of all primary services distribution infrastructure within the basement delivers operational resilience.</p> <p>South Wing enabling works have progressed in 2023-24 and the South Wing Main Works Contract has been procured. The North Wing Planning Application has been granted and early investigative surveys have commenced to ensure the works can progress as planned in the latter years of the Programme.</p> |
| Increase and improve the public access to the Palace (including adjustments to improve accessibility). | The completion of two new passenger lifts and guest lavatories in the East Wing have improved the accessibility for staff and guests in advance of Royal Collection Trust introducing tours of the East Wing in summer 2024. In addition, a new ramp was delivered as part of the East Wing project to provide step free access to the building. |

¹⁴ Core services refers to the provision of utilities and data through a network of pipes and wires.

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| Objective | Progress during 2023-24 |
|---|---|
| | The surveys and design for the two new lifts in the West Wing have also been a key focus in the year, with structural works commencing in April 2024. These new lifts will enhance further the accessibility of the Palace for visitors, guests, and staff. |
| Optimise the use of the wider London estate | During the year, the completion of the East Wing and the West Wing lightwell areas, in addition to the Footmen's Floor offices (completed in 2019) increases the utilisable space within Buckingham Palace. This has enabled the release of office space within St James' Palace for commercial rental. |
| Improve the energy efficiency, and cost-effectiveness, of the Palace | The majority of energy efficiency savings were realised with the completion of the High Priority Works project in 2020 and the Picture Gallery Roof in 2022. This work continues apace with the replacement of the remaining primary services distribution infrastructure within the basement, with a focus on secondary plant rooms and works in the basement trenches. The programme remains on track to realise 554 tons of carbon saving per year, as set out in the Outline Business Case approved by HM Treasury. |

The Buckingham Palace Reservicing Programme will deliver a number of benefits, which have been grouped into the categories below.

- **Heritage Protection and Operational Resilience:** The reservicing works will significantly reduce the risk of fire and flood, thereby protecting the Royal Collection and enhancing operational resilience.
- **Enhanced Public Access:** Enhancements to the service lifts and lavatories within the Palace will allow events to be delivered more efficiently. It will also allow events to be held concurrently across the different Wings, enabling functions to be hosted at Buckingham Palace, which previously would have been held at third-party locations.
- **Operational Efficiencies and Enhanced Staff Output:** The delivery of operational improvements and better utilisation of areas within the Palace will enhance Royal Household operations.
- **Environmental Sustainability:** The Programme delivers a Palace that is fit for purpose, is increasingly utilised, and employs the circular carbon economy principles (e.g., re-use and recycle material where possible). This reduces the Palace's carbon footprint further, improves energy efficiency and cost effectiveness.

PERFORMANCE REPORT

- **Programme Delivery:** The Programme provides an opportunity for a new generation of construction professionals to work on a historic building through apprenticeships, graduate and other programmes.

The Royal Household has established a clear and detailed governance process to allow the continual monitoring of programme risks and to ensure that progress is being achieved in line with targets. This is done through an Integrated Assurance Group which regularly reviews the overall governance of the programme. In line with the Government Infrastructure & Projects Authority process, there is also an ongoing series of formal Gateway Reviews and Checkpoint audits by independent reviewers. Nine Programme Assessment Reviews and six Gateway Reviews have been completed as at 31 March 2024, to inform the Programme Executive Board. Gateway Reviews for the South Wing and North Wing projects are scheduled for November 2024 and January 2025 respectively. A further Programme Assessment Review is planned for September 2024.

NATIONAL AUDIT OFFICE VALUE FOR MONEY AUDIT

During the year the National Audit Office (“NAO”) undertook a Value for Money Audit of the ‘Progress on the Buckingham Palace Reservicing Programme’ to assess the delivery of the Programme against the stated objectives, with a focus on set up, progress to date, and plans to manage the risks and delivery of benefits to the end of the programme. The NAO published their report¹⁵ on 23 July 2024 and the conclusion states:

“The Household has managed the £369 million, 10-year Buckingham Palace Reservicing programme well and has demonstrated good practice in a number of areas. It had clear objectives and a budget that reflected the risk of undertaking a heritage programme. There has been a strong focus on keeping within the budget, and the Household has managed this so far despite challenges, by making trade-offs, actively managing risks and learning lessons. The Household has worked hard to engage stakeholders within the Palace and through the supply chain, and the Palace has remained operational throughout. The Household has responded well to challenge and assurance, fostering a culture of honesty. While risks remain to the overall value for money of the programme, particularly given the backloading of work on to the last two years and the limited remaining unallocated contingency, if the Household continues to manage risks effectively, its approach to the programme should set it up to deliver good value for money.”

Future Plans

As at 31 March 2024 the Royal Household had authorised and contracted commitments of £28.8 million, in respect of the Buckingham Palace Reservicing Programme, to be met from future funding over the next three years to 2026-27 (31 March 2023 £58.4 million).

Key activities in 2024-25 will include:

- Continuation of the Palace Wide Infrastructure project, with a particular focus on the completion of new Plant Rooms and infrastructure in the West Wing, South Wing and North Wing basements.

¹⁵ The report is available on the NAO website at <https://www.nao.org.uk/>

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- Delivery of the next phase of the West Wing works, including the introduction of two new lifts and preparations for the reservicing of the remaining State Apartments. This will involve the decant of spaces in the West Wing, including the protection of Royal Collection items.
- Commencement of the South Wing Main Section works, which will focus mainly on the reservicing of the Wing with limited operational improvement.
- Continuation of investigative surveys and preparation for the North Wing works, to inform the design and derisk the latter years of the programme, including the decant of the North Wing in the second half of 2024.
- Preparation for the upcoming reservicing works in 2025-26, including design development, procurement, delivery strategy and Programme close out.

6. Continue to develop a diverse team of well-led, trained, motivated and adaptable professionals

Over the past year the priority has been the ongoing transition as a result of change of reign and focusing on management's wider aims of ensuring that the Royal Household is a modern, inclusive, purpose and values led organisation.

The principal activities during the year can be split into three distinct areas:

Purpose and Values

As outlined on page 5, the new reign has given the Royal Household the opportunity to define a new expression of purpose underpinned by a refreshed set of values. This involved an extensive programme of work over the course of 2023-24 involving employees at all levels and from across the organisation.

Inclusivity & Diversity and Cultural Change

Work has continued in support of the Royal Household's Inclusion and Diversity strategy which aims to improve representation but also to support a wholesale approach to ensuring the Royal Household's culture is inclusive, encouraging engagement and authenticity across all teams. During 2023-24, surveys, focus groups, leadership development and all-staff training sessions have helped progress in this area. In Autumn 2023 the first stage of the Royal Household's Investor's in People Gold re-accreditation was conducted by an independent assessor.

To demonstrate progress, the Royal Household has voluntarily disclosed the gender pay gap for 5 April 2024 in this report, ahead of the requirement for inclusion in next year's report one year in arrears. In addition, the Royal Household has voluntarily disclosed the ethnic minority pay gap for the first time in this report. These performance indicators, along with the Royal Household's overall diversity statistics are shown below:

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| | 2024 | 2023 | 2022 | |
|---|--------------|-------|-------|--|
| Proportion of ethnic minority employees¹⁶ | 11.4% | 9.7% | 9.7% | 2025 target is 14%. |
| Mean ethnic minority pay gap ¹⁷ | 3.9% | | | |
| Proportion of female employees¹⁶ | 53% | 51% | 52% | |
| Mean gender pay gap ¹⁸ | 2.23% | 4.16% | 5.71% | Mean national gender gap in 2023 was 14.3% |

A further breakdown of the Royal Household's ethnic minority and gender statistics are shown in the Remuneration and Staff Report on pages 65 and 66.

Compliance and Governance

In response to a review of the work of the Lord Chamberlain's Committee and its supporting committees, during the later part of 2022-23, two new committees were introduced into the governance structure and as outlined in the Governance Statement, these committees have worked well throughout the year to improve decision making, risk management and ensure operational plans and delivery align with budgets.

An audit of the governance of policies was undertaken during 2023-24 and measures to ensure best practice have been implemented, including improvements to the communication of policies. All policies now have a timetable for review and approval and several policies have been enhanced and updated during the year.

Compliance training in the areas of health and fire safety, digital safety, data management and security have been a focus throughout 2023-24 as following transition, completion rates saw a decline due to the high levels of activity across the Household. This focus has seen a marked improvement with completion rates now over 90%. Monitoring of completion rates will continue in order to ensure this remains at an appropriate level.

The management of risk associated with maintaining an inclusive culture is detailed in the Governance Statement on page 53.

¹⁶ including NED members of the Lord Chamberlain's Committee

¹⁷ As at 5 April 2024, not yet mandatory therefore no national mean is available.

¹⁸ As at 5 April 2024, excluding staff employed by Royal Collection Enterprises Limited). The 2024 national mean is not available as the regulations require disclosure no later than one year in arrears. The

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Future Plans

During 2024-25 work will continue to fully embed the new purpose and underpinning values. This will include a review of the employer proposition and branding, and the implementation of the final stage of a new Performance Development review system which will align with the purpose and values.

In addition, activity will continue to deliver the updated Inclusion and Diversity strategy and support the work of the new recruitment team within HR, introduced during 2023-24 to enhance the attraction and selection of talent.

7. Ensure best value from financial resources

Value for money and adherence to 'Managing Public Money', is a key focus for the Royal Household and is reflected in the Procurement Policy and the Finance team's oversight of the Royal Household's system of internal financial controls.

Continuous improvement is at the heart of the Royal Household's operating approach and is inherent in the activities of the Finance and Procurement teams, to ensure the best use of financial resources. During the year, there has been a focus on improving the annual budgeting and quarterly reforecasting process and the associated reporting, alongside improvements in the reporting of monthly financial performance, to ensure it is clear, concise and appropriate for the audience, thereby helping to improve transparency and accountability.

In addition, both the Finance and Procurement training available across the Royal Household has been reviewed and updated.

In line with Managing Public Money, the Royal Household strives to pay suppliers promptly and the performance for paying suppliers is as shown below:

| Percentage paid within: | 2023-24 | 2022-23 |
|-------------------------------|---------|---------|
| 15 days of receipt of invoice | 46% | 46% |
| 30 days of receipt of invoice | 83% | 89% |

The decline in performance in 2023-24 is driven by a combination of factors including long-term absence of staff due to illness and significant increases in volumes of invoices since the change of reign.

To further support best value from public money, the Royal Household also seeks to optimise income to supplement the Sovereign Grant through property rental income, facilities management charges and recharges. Refer to page 8 for details.

The Governance Statement on pages 38 to 55 provides details of the governance activities undertaken during the year in respect of the system of internal controls in place to ensure best value from financial resources.

During the year the NAO undertook a Value for Money Audit of the 'Progress on the Buckingham Palace Reservicing Programme' to assess the delivery of the Programme against the stated objectives, with a focus on set up, progress to date, and plans to manage the risks and

PERFORMANCE REPORT

delivery of benefits to the end of the programme. The NAO published their report¹⁹ on 23 July 2024. See page 21 for the conclusion from this report.

The management of risks associated with the use of public funds are detailed in the Governance Report on page 51.

Future Plans

During 2024-25, the Royal Household's Procurement function will be restructured and have a wider focus. Key developments in 2024-25 will see the introduction of a supplier charter, and improved assurance over the Royal Household's current supplier base.

8. Ensure business process / infrastructure provides the best possible support and continues to develop

With an ongoing focus on continuous improvement, the new reign, and resulting transition of operations, has given the Royal Household the opportunity to review its processes. Consequently, insights have been gathered from across the Royal Household in identify areas for further review and/or improvement.

In order to adopt best practice in the management of risks and introduce consistency across the Royal Household, the Risk Committee developed a new Enterprise Risk Management Framework (ERM), which was introduced in Summer 2023. Refer to the Risk Management section of the Governance Statement for further details.

As for many organisations, the pace of delivery of improvements will be impacted the volume of business-as-usual work and competing priorities. This will be mitigated by the Lord Chamberlain's Committee's oversight and the allocation of resources to support the implementation of revised processes.

Future Plans

During 2024-25, the review of processes will continue with identified solutions implemented across business activities.

¹⁹ The report is available on the NAO website at <https://www.nao.org.uk/>

PERFORMANCE REPORT

OTHER ACTIVITY DURING THE YEAR

The following section highlights activity undertaken throughout the year to enable and support the Royal Household in the achievement of its objectives.

TRAVEL

The Sovereign Grant meets the cost of official journeys undertaken by or in support of The Sovereign and other members of the Royal Family in order to enable them to undertake a varied programme of public engagements, both within the United Kingdom and overseas. A summary of the activity during 2023-24 is shown below. The health of The King and The Princess of Wales, saw decreased travel requirements for official engagements in the last quarter of the reporting year.

| | 2023-24 | 2022-23 |
|---|---------|---------|
| No. Official engagements | 2,327 | 2,710 |
| No. State Visits (outgoing) | 2 | 1 |
| No. journeys with a travel cost of >£17,000 ²⁰ | 24 | 31 |

The programme of overseas visits (other than Realm visits) funded by the Sovereign Grant is determined by the Foreign, Commonwealth and Development Office (“FCDO”) and undertaken on behalf of Government and is approved by the Royal Visits Committee²¹ according to agreed priorities.

Safety, security, the need to minimise disruption for others, the effective use of time, environmental impact and cost are taken into account when deciding on the most appropriate means of travel. Staff may travel with members of the Royal Family or separately (e.g. to undertake reconnaissance visits or to arrive in advance).

The principal overseas visits undertaken by The King, The Queen and other members of the Royal Family were:

| Member of the Royal Family | Type of Visit | To | Cost ²² |
|----------------------------|---------------|-----------|--------------------|
| The King and Queen | State Visit | Kenya | £167,000 |
| The King and Queen | State Visit | France | £123,000 |
| The Princess Royal | Official FCDO | Sri Lanka | £48,000 |
| The Prince of Wales | Official FCDO | Kuwait | £30,000 |

In addition, with the agreement of the Royal Visits Committee, the FCDO funded the following overseas visits which were at the request of Government but could not be accommodated within the Royal Household’s budget for 2023-24:

| Member of the Royal Family | Type of Visit | To |
|----------------------------|---------------|----------------------|
| The King | COP28 | United Arab Emirates |
| The Princess Royal | State Funeral | Namibia |

²⁰ The journeys undertaken by members of the Royal Family and their staff during 2023-24 which had travel costs of £17,000 or more, met from the Sovereign Grant, is available on the Monarchy website at www.royal.uk

²¹ The Royal Visits Committee is a Cabinet Office Committee, chaired by the Permanent Under Secretary of the FCDO with representatives from Government and the Royal Households.

²² Including the cost of associated staff travel

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The risks associated with Travel are detailed in the Governance Report on page 52.

Future Plans

Royal Travel will continue to plan and deliver the travel requirements to enable Their Majesties and other members of the Royal Family to undertake a varied programme of public engagements, both within the United Kingdom and overseas.

Following approval of the Outline Business Case by HM Treasury in February 2023 the Royal Household will take delivery of two new helicopters in 2024-25 to replace the existing 15 year old helicopters. The use of helicopters is a key component of delivering engagements by His Majesty, as Head of Nation, and other members of the Royal Family, due to their unique capability to access remote regions of the UK that are not otherwise readily served by fixed wing aircraft, national motorway/rail networks and where multiple engagements are undertaken in a given day. The replacement of these assets in 2024-25 will ensure that this capability is maintained, whilst also maintaining the range of the Helicopter flight. The Royal Household's ability to make use of Sustainable Aviation Fuel ("SAF") will be enhanced as the new helicopters can operate with the maximum industry standard of 50% SAF. To support this, a temporary SAF tank has already been installed at RAF Odiham, with procurement underway to replace this with a permanent tank in 2025-26 to maximise the use of SAF.

DIGITAL SERVICES

Prioritising the Royal Household's cyber-security defences was a core focus for 2023-24 and will continue to remain a priority for the foreseeable future. During the year the Royal Household's network was externally assured through various penetration tests, and Cyber Essentials Plus accreditation was obtained in September 2023.

A programme of upgrades to both network and end-user hardware has accelerated ensuring this equipment remains within support and continues to run the latest versions of firmware and operating system. The telephone system was moved to a more modern platform, and the integration of this system with the Royal Household's collaboration platform and its audio and video conferencing capabilities, has also commenced. These activities, in conjunction with the deployment of dedicated Teams Meeting Room equipment across a number of residences, has allowed users to work more flexibly across the estate.

Operationally, Digital Services also provided significant resource to the technical aspects supporting the Coronation of The King in May, and the Coronation Concert at Windsor Castle.

During 2023-24 there were no data breach incidents to report to the Information Commissioner's Office (2022-23: none).

The risks associated with digital safety are highlighted in the risk management section within the Governance Report on page 51.

PERFORMANCE REPORT

Future Plans

Continued development of the Royal Household's cyber-defences and monitoring will be a large focus for 2024-25 through alignment with the NCSC's Cyber Assessment Framework (CAF) and continued external accreditation via Cyber Essentials Plus.

In addition, there will be significant work in scoping, specifying and tendering for replacement solutions as a number of organisation-wide systems come end of life in 2026-27.

PERFORMANCE REPORT

SUSTAINABILITY REPORT

OVERVIEW AND STRATEGIC AIMS

It is ever clearer that urgent action is needed for a zero-carbon, Nature-positive future. The Royal Household recognises the twin global challenges of climate change and biodiversity loss and its role in taking action, demonstrating leadership, and encouraging and inspiring others.

This report focuses only on the Royal Household's own environmental footprint. It does not, therefore, describe the positive impacts of organisations established by The King when he was Prince of Wales (such as the Sustainable Markets Initiative and the Circular Bioeconomy Alliance), nor the work that The King encourages and inspires (through convening and shining a light on the important endeavours of others).

In the 2022-23 annual report, a phased and focused sustainability programme was outlined with climate change as the initial priority area and focusing on six key areas of activity including calculating the Royal Household's carbon footprint, building a roadmap to Net Zero, enhancing internal and external communications, building staff engagement, knowledge and capability, establishing a governance framework and building appropriate external partnerships.

This report outlines progress against these areas and sets out plans for the coming year. A Head of Sustainability was appointed at the end of 2023 to lead and develop the programme. In 2024-25 indirect emissions will be added to the Royal Household carbon footprint and the decarbonisation pathway refined. There will be a renewed focus on working with suppliers to accelerate and support positive environmental and social action. Sustainability will be further embedded into processes, training and communications. A plan for Nature restoration will also be developed and climate risk assessed.

This programme will be delivered and developed through action on the ground, through advocacy, leadership and engagement. While the direction of travel is set, there are still areas of uncertainty and challenges along the path. The scale and speed of change required cannot be delivered alone, and the Royal Household recognises the value of being an active and enabling part of the wider transition needed to bring about a sustainable future.

2023-24 ACTIVITIES AND PROGRESS

Taskforce on Climate-related Financial Disclosures (TCFD) statement

The Royal Household aspires to report on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance. The Royal Household considers climate to be a principal risk, and in 2023-24 has worked towards compliance with the disclosures recommended by the TCFD including:

- Governance - (a) and (b) Board oversight and management's role in assessing and managing climate-related risks and opportunities, see the Governance Statement on pages 38 to 55 below for details on the Governance of the sustainability programme
- Metrics and Targets - (b) Scope 1 and 2 GHG emissions and related risks

This is in line with the central government's TCFD-aligned disclosure implementation timetable for Phase 1. The Royal Household plans to further integrate TCFD recommendations on Risk Management in 2024-25 in line with the central government implementation timetable and through external input needs to improve its understanding of climate-related risks. The Royal

PERFORMANCE REPORT

Household recognises that climate and nature-related impacts cannot be looked at in isolation and so consideration will also be given to the emerging Taskforce on Nature-related Disclosure (TNFD) recommendations in the coming year.

Greenhouse Gas Emissions (“GHG”)

Total Scope 1, 2 and 3 (market based) emissions have increased slightly from the previous year rising by 4% during 2023-24 due to an increase in travel and electricity use. Fluctuations in GHG emissions are not unexpected and the Royal Household is confident in maintaining a longer-term trend of reducing emissions in line with a 1.5 degree net zero target.

There has been a 3% decrease in Natural Gas and Heating emissions due to a consolidation of the previous year’s drive to reduce gas emissions and increase efficiency alongside continuing improvement in heating controls and effective use of the Building Management Systems (BMS).

Carbon emissions from purchased electricity were down on 2021-22 but slightly higher than 2022-23. This rise is likely to be caused by an increase in emissions from electricity generation in the UK which rose 7% in 2023-24 (compared to 2022) as a result of more natural gas use in electricity generation and a decrease in renewable generation.

Business travel emissions in 2023-24 were 17% higher than 2022-23 because that year saw a drop in travel due to the change of reign impacting on programming. Travel emissions will continue to fluctuate each year depending on requests from Government for tours involving long haul charter flights. There has been pro-active work to increase the use of Sustainable Aviation Fuel, but availability remains a challenge. There has also been steady progress in transitioning to an almost fully electric motor vehicle fleet.

Renewable energy certificates (REGOs) have been purchased through the energy provider and are reflected in the market- based reporting but emphasis is shifting towards direct renewable energy sourcing and no additional offsets have been procured.

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| | | 2024 (tCO ₂ e) | 2023 (tCO ₂ e) | 2024 Change from 2022 | 2022 (tCO ₂ e) | 2021 (tCO ₂ e) |
|---------------------------------------|---|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|
| Scope 1 | Natural Gas & Heating | 2,626 | 2,712 | (3%) | 3,330 | 2,902 |
| Scope 1 | Owned/Leased Vehicles ²³ | 605 | 532 | 14% | 521 | - |
| Scope 2 | Purchased electricity (MB) ²⁴ | 20 | - | - | 22 | 26 |
| Scope 2 | Purchased electricity (LB) ²⁵ | 1,186 | 1,160 | 1% | 1,198 | 816 |
| Total Scope 1 & 2 (MB) | | 3,251 | 3,244 | (-) | 3,873 | 2,928 |
| Total Scope 1 & 2 (LB) | | 4,417 | 4,404 | - | 5,071 | 3,744 |
| Scope 3 | Business travel | 1,882 | 1,615 | 17% | 2,857 | 529 |
| Scope 3 | Fuel and Energy Related Activities (MB) ²⁶ | 861 | 917 | (6%) | - | - |
| Scope 3 | Fuel and Energy Related Activities (LB) | 963 | 1,023 | (6%) | - | - |
| Total Scope 1 – 3 (MB) | | 5,994 | 5,776 | 4% | 6,838 | 3,529 |
| Total Scope 1 – 3 (LB) | | 7,262 | 7,042 | 3% | 8,036 | 4,345 |
| Outside of Scopes²⁷ | | 42 | 61 | (30%) | | |

²³ Data not captured for 2021

²⁴ GHG emissions for electricity calculated according to the Market-based method, supported by contractual arrangements with suppliers for the purchase of renewable electricity.

²⁵ GHG emissions for grid electricity calculated using UK grid-average (Location-based) emissions factors.

²⁶ Fuel and Energy Related Activities (“FERA”) accounts for the transmission and distribution of electricity and the upstream emissions e.g. Well to Tank (“WTT”) emissions from electricity and the WTT from other fuels used in heating and own/leased vehicle fleet. 2022-23 is the first year FERA data has been established. The Royal Household previously reported "Electricity Transmission & Distribution" and was 108 tCO₂e in 2021-22. This included the emissions associated with the transmission and distribution of electricity but not the upstream emissions, therefore a year on year comparison is not appropriate.

²⁷ Out of scope emissions refers to the emissions from bioenergy including SAF and HVO, in line with Government conversion factor recommendations these emissions are partly reported Out of Scope to ensure transparency

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All emissions have been calculated using the relevant carbon conversion factors from Department for Energy Security and Net Zero.

GHG Emissions are reported as both Location-based (using UK grid-average emissions factors) and Market-based (using zero for electricity from renewable sources) in line with the GHG Protocol Scope 2 reporting guidance.

Energy Consumption

| | 2024 | 2023 | 2024 | 2022 | 2021 |
|---|--------|--------|---------------------|--------|--------|
| | kWh(m) | kWh(m) | Change from 2023 | kWh(m) | kWh(m) |
| Gas | 14.4 | 14.9 | (3%) | 18.2 | 14.7 |
| Electricity – National Grid | 5.7 | 6.0 | (5%) | 5.7 | 3.6 |
| Electricity – Hydro-electric Scheme at Romney Lock, Windsor | 0.7 | 0.7 | - | 1.1 | 0.8 |
| Total | 20.8 | 21.6 | (4%) | 25.0 | 19.1 |

Financial indicators

| | 2024 | 2023 | 2022 | 2021 |
|--|------|------|------|------|
| | £'m | £'m | £'m | £'m |
| Expenditure on electricity | 2.2 | 1.3 | 0.9 | 0.8 |
| Expenditure on gas | 1.2 | 1.4 | 0.5 | 0.5 |
| Expenditure on official business travel | 2.9 | 2.3 | 1.7 | 0.3 |

Water

In 2023-24, 0.1 million cubic metres of water from public suppliers was used across the Estate (2022-23: 0.1 million cubic metres). Refer to page 126 for related expenditure. Water expenditure will increase in 2024-25 due to a change from private to public supply at Windsor as a result of the completion of the Windsor Water project outlined on page 17. Whilst this project will lead to an increase in expenditure, there will also be an improvement in water quality and associated reduction in risk. Increased expenditure will be partly offset in part by reduced maintenance costs.

ICT and Digital

Lifecycle emissions from devices have been audited and a planned transition away from desktops initiated. This will be expanded to understand wider carbon emissions and mitigation actions over the next year. Work continues on e-waste with an aim for all redundant devices to be recycled and materials recovered.

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Waste

In 2023-24, 1,182 tonnes of waste was produced across the Royal Household (2022-23: 1,349 tonnes), a 12% decrease. Waste generated and removed by works contractors is not included. The tonnage of waste recycled includes gardens and horse waste from London and Windsor.

| | 2024 Tonnage | 2023 Tonnage | 2024 Change from 2023 | 2022 Tonnage | 2021 Tonnage |
|-------------------------------------|-----------------|-----------------|-----------------------------|-----------------|-----------------|
| Waste recycled | 917 | 1,101 | (17%) | 1,103 | 1,068 |
| Waste to landfill / incineration | 265 | 248 | 7% | 419 | 418 |
| Total waste | 1,182 | 1,349 | (12%) | 1,522 | 1,486 |
| Expenditure (£'m) | 0.1 | 0.3 | (67%) | 0.3 | 0.2 |

Greenhouse gas emissions profile

The last year has seen a consolidation of the Greenhouse Gas (GHG) Emissions calculation undertaken in 2022-23 for the Royal Household. This 2022-23 work provided a robust baseline with a broad data set and a representative emissions profile not impacted by the COVID-19 pandemic. In 2023-24 work continued to further improve data accuracy and collection. This process will continue over the coming years as additional elements of scope 3 are covered within the emissions profile.

The emissions profile shows that the majority of the Royal Household's emissions come from natural gas for heating, followed by business travel.

This year, clear roles and responsibilities for data gathering and analysis were put in place across the organisation. In further recognition of the strategic importance of sustainability to the Royal Household, a Sustainability Data Reporting Manager joined the Royal Household in March 2024 to lead and develop future reporting work. As a result, Scope 1 and Scope 2 data is increasingly robust and will develop further in 2024-25. The improving quality of Scope 1 data is invaluable in helping target investment and project work on high emissions areas. While these direct emissions remain the priority, work has begun to improve Scope 3 coverage and data quality.

As work on understanding the Royal Household's emissions continues, it is likely that future data may be variable for a number of reasons, including the increase in Scope 3 coverage and granularity across the organisational footprint, and the year-on-year variation of major projects and activities. This will be more pronounced in 2024-25 as sections of Buckingham Palace that have been undergoing work through the Reservicing Programme are brought back into use. Although overall emissions will have reduced following infrastructure upgrades and improved controls. As data quality and understanding of the baseline improves there is a risk that emissions will appear to increase in the short term. This is not unusual for an organisation and the approach to data reporting is intentionally transparent and is evolving in line with good practice.

The Royal Household's methodology for reporting GHG emissions has been developed using the Green House Gas protocol (GHG) Corporate Standard and applying the supplementary calculation methodologies presented in the Scope 2 and Scope 3 Guidance Standards.

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This reporting covers Scopes 1 and 2 with some categories of Scope 3. Currently included in Scope 3 reporting are Category 3 – Fuel and Energy Related Activities (“FERA”) not included in Scope 1 and 2; and Scope 3 Category 6 - Business Travel. The focus in 2024-25 will be on expanded Scope 3 reporting with a particular emphasis on Category 1 - Purchased Goods and Services.

Our Pathway to Net Zero

A pathway to Net Zero carbon aligned to a 1.5 degree future was outlined in 2022-23 based on the Royal Household emissions profile. The pathway focuses on four core initiatives; connecting the central London estate to heat networks, installing heat pumps at Windsor, electrification of the vehicle fleet, and replacing helicopter and chartered aircraft jet fuel with sustainable aviation fuel.

During 2023-24 work has begun across all areas drawing on the experience of others externally and setting the initial infrastructure in place, for example installing a temporary SAF tank at RAF Odiham. 2024-25 will see acceleration in activity with feasibility work and timelines developed for major heat pump projects, partner coordination on district heat and a permanent SAF tank supply put in place. These projects remain subject to number of factors including value for money and availability but have substantial potential to reduce the Royal Household’s GHG emissions.

Over the last year the Royal Household has convened conversations and increased its collaborations to support more effective delivery. Some of these initiatives are highly dependent on external developments but the Royal Household will continue to monitor the emissions trajectory and evolve the approach, continuing to be both ambitious and realistic.

The Royal Household also recognises the need to provide leadership and will aim to ensure that its activities support both its decarbonisation journey and that of the UK.

Building awareness, knowledge and communication

Enhancing internal communication has been a focus in 2023-24 with materials developed to enhance staff knowledge of climate change and GHG emissions, set out the pathway to net zero, outline progress made to date and ways in which individuals can take action at work. These materials have been published and promoted as a permanent feature on the internal communications platform and continue to be developed and updated.

Workshops, supported by the University of Cambridge Institute for Sustainability Leadership (CISL), were held for the senior leadership teams of the Master of the Household’s Department and the Royal Collection Trust to aid the development of department specific action plans, and a climate change seminar was held for key staff in the Private Secretary’s Office to ensure The King’s interests in this issue can be reflected appropriately in his externally-facing engagements programme.

Building External Partnerships

During the year external partnerships were developed and strengthened. The Royal Household is actively engaging with peer to peer sharing networks such as Fit for the Future and the new Association of Leading Visitor Attractions (ALVA) sustainability group. Discussions are also underway with organisations such as Historic Royal Palaces who share common challenges around the decarbonisation of historic buildings.

PERFORMANCE REPORT

Sustainable Procurement

Sustainability continues to be embedded into the procurement process across the Royal Household with the procurement policy cross referencing to the Government's Buying Standards and Timber Procurement. Sustainability criteria are included and assessed within supplier questionnaires and tender evaluation criteria. Contracts also include clauses to support the Royal Household's commitment to operating in an environmentally and socially responsible way. Work began in 2023-24 on a Supplier Charter which outlines the ethical and inclusive practices and environmental sustainability expectations of Royal Household suppliers.

Governance

A formal reporting structure is in place and oversees progress on the sustainability programme and climate related risks and opportunities in line with TCFD reporting:

- **Lord Chamberlain's Committee** – provides strategic oversight of the sustainability programme and reviews progress including against the Royal Household's emissions profile (twice annually).
- **Operations Committee** – oversees the implementation of the sustainability plan and reviews progress against the Royal Household's emissions profile (quarterly).
- **Audit and Risk Assurance Committee and Risk Committee** – oversight of the Sustainability programme and consideration of sustainability risks and opportunities, their assessment and management (annually).

Two working groups support the oversight of the above Committees:

- **Buckingham Palace Reservicing Sustainability Working Group:** to ensure the sustainability enhancement targets for Buckingham Palace Reservicing are tracked and achieved through programme design, works, procurement and operation.
- **Energy and Environment Working Group:** A property focused group to identify and review existing and emerging technologies to reduce energy use and carbon, assess and manage climate related risks and opportunities and to consider sustainability when evaluating building fabric and materials.

Future Plans

During 2024-25 the Royal Household will consolidate work relating to the strategic areas of activity. Key areas of focus will include:

GHG Emissions

- Continue to enhance the quality of data and the feedback loop to users.
- Map wider Scope 3 emissions and materiality

Roadmap to Net Zero

- Continue to develop the programme roadmap and delivery plans against approved initiatives.
- Work with partners to support the acceleration of decarbonisation initiatives
- Continue to work with researchers and suppliers and install a permanent tank to significantly increase the use of sustainable aviation fuel for both helicopters and fixed wing charters.

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Sustainable Procurement

- Launch the Supplier Charter and audit process setting out Royal Household expectations and working with suppliers to embed environmental sustainability within procurement activities.

Building Awareness, Knowledge and Communications

- Develop an all-staff programme offering different levels and formats of training, designed in response to feedback and aimed at building knowledge and action on sustainability.
- Further develop the internal communications programme with a particular focus on sharing progress and supporting individual action.
- Continue expert briefing sessions for members of the Lord Chamberlain's Committee, members of the Audit, Risk and Assurance Committee and the Operations Committee to support the oversight role and informed governance.
- Work towards a potential standalone Carbon Report for the Royal Household.

Building External Partnerships

- Collaborate more widely and build appropriate external partnerships focused on accelerating action as well as learning and sharing good practice.

The scope of work will expand during 2024-25 to include:

Nature

- Develop and initiate a Nature Positive Plan. This will build on work already undertaken across the Occupied Royal Palaces to create a holistic and robust programme of action and initiate work on nature disclosure.

Climate Change Risk

- Expand and finalise the Climate Change Risk Assessment for the Royal Household providing a better understanding of risks and opportunities against potential climate scenarios and required management and adaptation measures. This work will support phase 2 and 3 of central Government's climate risk disclosure.

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GOING CONCERN

The 2023-24 financial year saw the Sovereign Grant remain at £86.3 million for the third consecutive year but with a significant increase in supplementary income due to Facilities management charges to Royal Collection Trust returning to pre-covid levels, combined with a change to how this fee is calculated agreed during the year. As anticipated, the Sovereign Grant Reserve reduced from £10.1 million to £5.5 million, largely driven by the pace of work on the Buckingham Palace Reservicing Programme which at the end of 2023-24 has been lent a further £3.9 million (2022-23: £0.8m) from the Core Sovereign Grant Reserve during the year, as outlined on page 8.

The Lord Chamberlain's Committee has a reasonable expectation that the Sovereign Grant will provide adequate resources to enable Their Majesties to continue to undertake their Official Duties, and to enable the Royal Household to meet its liabilities as they fall due, for the foreseeable future on the basis of i) approving the Three-Year Plan 2024-27, which includes plans for the return of funds to the Core Sovereign Grant Reserve from the Buckingham Palace Reservicing Programme; ii) confirmation from Parliament of the amount of the Sovereign Grant for 2024-25 at £86.3m; and iii) the projected Sovereign Grant in the subsequent two years, as outlined in the Royal Trustees Review published in July 2023, which is sufficient to provide the agreed budget of £369m for the Buckingham Palace Reservicing Programme by the end of 2026-27, whilst also maintaining appropriate levels of Core Sovereign Grant.



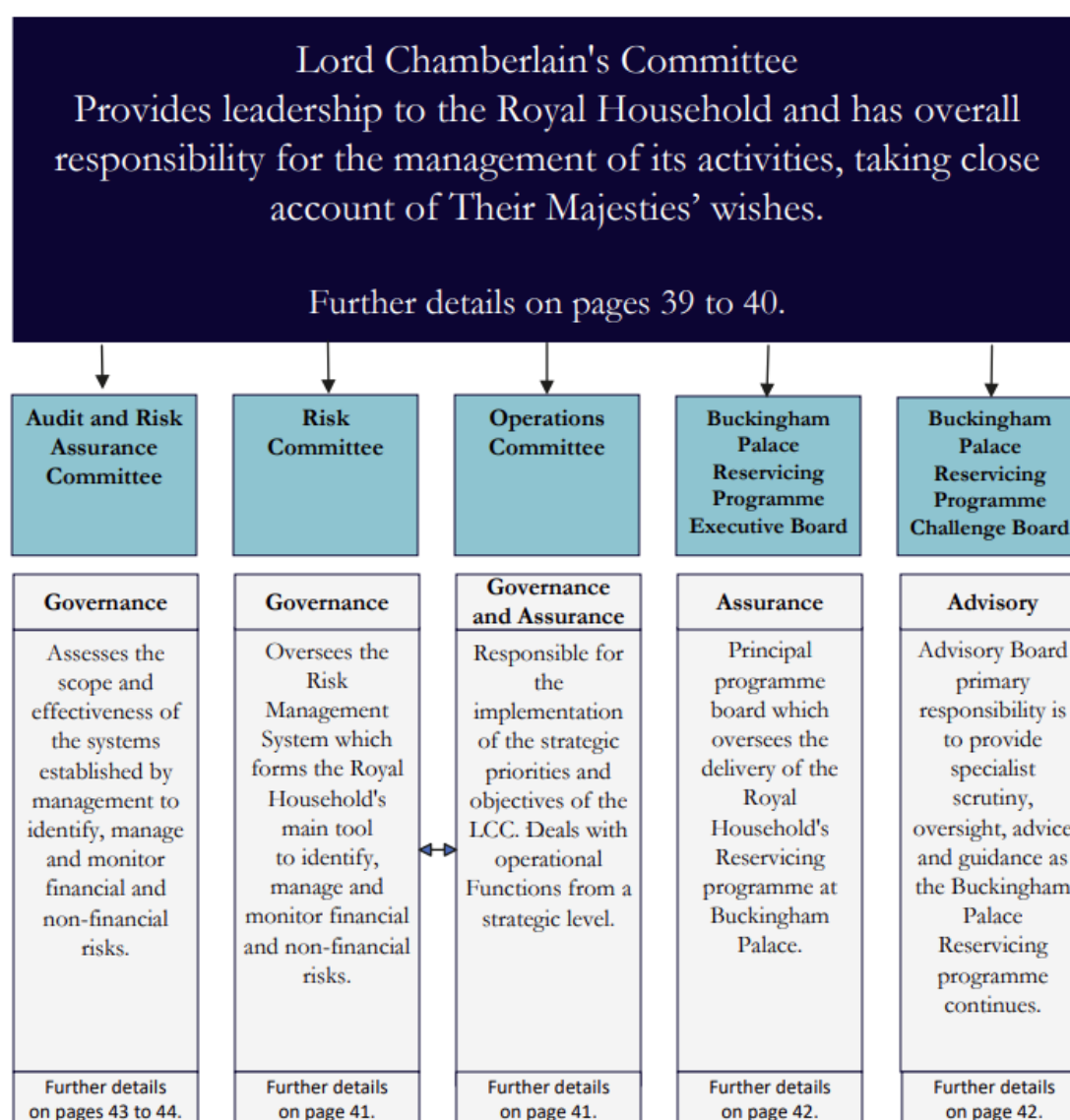
Sir Michael Stevens
Keeper of the Privy Purse
16 July 2024

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GOVERNANCE STATEMENT

The governance statement sets out the Royal Household's governance, risk management and internal control arrangements. It explains the composition and organisation of the Royal Household's governance structures and shows how they support the achievement of the Royal Household's objectives. It applies to the financial year 1 April 2023 to 31 March 2024 and up to the date of approval of the Annual Report and Accounts and includes a personal statement by the Accounting Officer, outlining their roles and responsibilities.

THE GOVERNANCE FRAMEWORK



ACCOUNTABILITY REPORT

Lord Chamberlain's Committee

The Lord Chamberlain's Committee sets strategic plans and priorities, monitors risk and makes sure that they align with the desired performance and culture. The Lord Chamberlain's Committee also ensures that the Royal Household's obligations relating to the Sovereign Grant and to other stakeholders are understood and met. In this way it fulfils its responsibilities to ensure that an effective and modern organisation underpins the work of the Sovereign.

The Keeper of the Privy Purse (as Accounting Officer) delegates authority to the executive members of the Lord Chamberlain's Committee (excluding the Director of the Royal Collection), to make decisions and incur expenditure in accordance with internally set delegation limits.

The Lord Chamberlain's Committee sets its agenda with reference to issues and topics that are strategic, have high impact and/or cross-Household implications. Matters considered may represent reputational, financial, or legal risk, or of a nature that is judged to be substantial or strategic. During 2023-24 the Lord Chamberlain's Committee continued to focus on issues and risks which affect the Royal Household. This includes regular review of and scrutiny of the Royal Household's monthly financial performance, approval of future budgets, updates on major projects such as the Buckingham Palace Reservicing Programme and deep dives into each of the principal risks faced by the Royal Household (for a summary of these risks refer to pages 51-53). Other areas of focus included the new risk management framework, inclusivity & diversity, communications, security and sustainability.

Information relating to each individual meeting is (other than in exceptional circumstances) provided at least one week ahead of the meeting to allow proper consideration. Papers are presented clearly, using standardised templates, and with the appropriate level of detail to assist the Lord Chamberlain's Committee and its supporting committees in discharging their duties.

As outlined in 'Supporting committees' on page 41, the Lord Chamberlain's Committee delegates certain responsibilities to subsidiary boards and committees.

The Lord Chamberlain's Committee's Performance

The Lord Chamberlain's Committee is committed to undertaking a review of its effectiveness every three years. The last review was in 2022, of both the Lord Chamberlain's Committee and the Sovereign Grant Planning Committee, which at the time was the sub-committee to the Lord Chamberlain's Committee. The outcome was the introduction of the Operations and Risk committees, in place of the Sovereign Grant Planning Committee, to support an improved approach to strategic risk oversight and decision making.

Members of the Lord Chamberlain's Committee

Members of the Lord Chamberlain's Committee have a broad range of experiences relevant to the Royal Household's activities. The Lord Chamberlain's Committee meets formally at least eight times per calendar year. Its members, and the attendance record for the year are set out below:

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| | | Meetings attended |
|---|--|----------------------|
| Non-Executive Chair: | | |
| • Lord Chamberlain | The Lord Parker of Minsmere | 8/8 |
| Heads of Departments: | | |
| • Principal Private Secretary to The King and Queen | The Rt. Hon. Sir Clive Alderton | 7/8 |
| • Joint Principal Private Secretary to The King | The Lord Young of Old Windsor (until April 2023) | 1/1 |
| • Private Secretary to The Queen | Ms Sophie Densham | 7/8 |
| • Keeper of the Privy Purse | Sir Michael Stevens | 8/8 |
| • Master of the Household | Vice Admiral Sir Tony Johnstone- Burt | 8/8 |
| • Comptroller, Lord Chamberlain's Office | Lt Col. Michael Vernon | 8/8 |
| • Director of the Royal Collection | Mr. Tim Knox | 8/8 |
| Non-Executive members: | | |
| • Private Secretary to The Prince of Wales | Mr. Jean-Christophe Gray (until February 2024) | 1/7 |
| • Private Secretary to The Prince of Wales | Mr. Ian Patrick (since March 2024) ²⁸ | 0/1 |
| • Interim Private Secretary to The Princess of Wales | Ms Natalie Barrows (from November 2022 to mid-February 2024) | 1/7 |
| • Private Secretary to The Princess of Wales | Lt. Col. Tom White (since mid- February 2024) | 1/1 |
| • Chair of the Audit and Risk Assurance Committee | Ms Sharmila Nebhrajani | 8/8 |
| • Independent Member | Ms Carol Hui | 8/8 |

²⁸ Mr James Benbow, Chief of Staff to The Prince and Princess of Wales deputises for the Private Secretary to The Prince of Wales. This occurred once during 2023-24.

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Supporting committees

There are a number of committees in place to support the Lord Chamberlain's Committee to meet its objectives, the first two of which were set up in 2022/23 following a review of the governance structure:

- **Operations Committee** – The Operations Committee is chaired by the Deputy Master and comprises senior operational leaders from across Royal Household departments, as well as representatives from key enabling functions. The Committee is also attended by a representative from Royal Collection Trust and The Household of The Prince and Princess of Wales.

The activities of the Operations Committee include:

- Leading and monitoring the implementation of Lord Chamberlain's Committee strategic priorities and plans.
- Ensuring the active liaison and collaboration between different parts of the Royal Household to support the execution of priorities and business plans.
- Ensuring the right structures, culture, capability, infrastructure and resources are in place to deliver current plans and future requirements.
- Monitoring organisation wide change and improvement programmes across the Royal Household to ensure collective leadership and benefits realisation.
- Ensure effective management and use of the Sovereign Grant.

The Operations Committee met 11 times during 2023-24, and the Chair provides an update to The Lord Chamberlain's Committee after each meeting.

- **Risk Committee** – The Risk Committee is chaired by the Director of Property and comprises of senior management from key operational and strategic risk areas as well as subject matter experts. The Committee is also attended by a representative from Royal Collection Trust and The Household of The Prince and Princess of Wales.

The activities of the Risk Committee include:

- Assisting the Lord Chamberlain's Committee in its oversight of the effectiveness of the Royal Household's Enterprise Risk Management Framework.
- Advising on the Royal Household's responsibilities, strategies, policies, conduct and performance of its risk management approach in respect of Top-level, Bottom-up and emerging risks.
- Assurance of the adequacy and effectiveness of the mitigation and control of such risks.
- Horizon-scanning of the risk landscape and supporting deep-dive reviews into significant risks at the request of the Lord Chamberlain's Committee or where, in the Committee's view, further scrutiny is required.

The Risk Committee met 10 times during 2023-24 and the Chair provides an update to The Lord Chamberlain's Committee after each meeting.

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- **The Buckingham Palace Reservicing Programme Executive Board (“PEB”)** –The PEB is chaired by the Master of the Household who is the Senior Responsible Owner (“SRO”) for the Reservicing programme and who, jointly with the Accounting Officer, is responsible for the delivery of the programme to cost, time and specification. Members of the PEB comprise senior management from within the Royal Household, including a representative from Royal Collection Trust. Mr Paul Lewis, with extensive property project management experience, is the Programme’s independent Non-Executive Director, is a member of the Buckingham Palace Reservicing Challenge Board (see below) and the PEB.

PEB is the principal programme board which oversees the delivery of the Royal Household's Reservicing programme at Buckingham Palace.

The PEB met 12 times during 2023-24.

- **The Buckingham Palace Reservicing Programme Challenge Board (“PCB”)** – The PCB is chaired by an independent chair Ms Ann Bentley, who has many years of experience as a Global Board Director for construction consultancy firm Rider Levett Bucknall and as a Non-Executive Director. Ms Bentley succeeded Baroness Margaret Ford who served as Chair of the PCB from September 2017 to June 2023 through the first 6 years of the Programme. Membership of the PCB includes Mr David Fairbrother, Treasury Officer of Accounts; Dr David Hancock from the Infrastructure and Projects Authority in the Cabinet Office; Mr Stuart Love, Chief Executive of Westminster City Council; Mr Charlie Parker, former Chief Executive of the States of Jersey; Dr Karen Miller, Research Associate in Industrial Sustainability at the University of Cambridge; Mr Paul Lewis, the programme's Non-Executive Director; and Mr Malcolm Reading, an independent heritage buildings consultant, who is also a member of the Royal Household’s Audit and Risk Assurance Committee.

PCB’s primary responsibility is to provide specialist scrutiny, oversight, advice and guidance to the PEB and the SRO as they work to deliver the Buckingham Palace Reservicing programme.

The PCB meets quarterly and met 4 times during 2023-24.

The terms of reference for each of the Boards, the Operations Committee and the Risk Committee are regularly reviewed and approved by the Lord Chamberlain's Committee.

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AUDIT, RISK AND INTERNAL CONTROLS

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee for the Sovereign Grant is also a sub-committee of the Lord Chamberlain's Committee. It is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks and is supported in this role by the internal audit function. The Chair of the Audit and Risk Assurance Committee reports to the Lord Chamberlain's Committee after every meeting and provides an overall annual report on the Audit and Risk Assurance Committee's activities and responsibilities. The Chair attends all meetings of the Lord Chamberlain's Committee as a Non-executive member. In undertaking its responsibilities, the Audit and Risk Assurance Committee considers reports from both internal and external auditors and management and makes recommendations to the Lord Chamberlain's Committee.

Meetings of the Audit and Risk Assurance Committee are attended by the Head of Audit Services, the Keeper of the Privy Purse, the Master of the Household, the Finance Director – Sovereign Grant, the Director of Property (as Chair of the Risk Committee) and the Treasury Officer of Accounts and representatives from the National Audit Office on behalf of the Comptroller and Auditor General, who is the external auditor of the Sovereign Grant. Other senior managers in the Royal Household attend when invited by the Committee.

The Audit and Risk Assurance Committee reviews its terms of reference annually and undertakes a formal evaluation of its own performance every three years. The results of the most recent evaluation which were considered in November 2022, included recommendations to facilitate the ARAC's oversight of the Royal Household's environmental sustainability programme and enhancing its ability to assess the organisation's approach to managing ESG risks and ensure appropriate disclosures.

Matters dealt with by the Committee during 2023-24 include:

- Review of the Royal Household's risk management and assurance processes including, in risk profile and register, with reports from specialist risk managers where appropriate.
- Review and challenge of the actions and judgement of management in relation to the annual accounts, including in respect of accounting policies.
- Review of the Governance Statement and the effectiveness of the system of internal control.
- Review of reports from internal and external auditors and management.
- Review of management and internal audit reports on the adequacy of arrangements for contracting in the most economical and efficient manner for the supply of all services, consistent with the appropriate safety and security requirements.
- Review of progress on the Buckingham Palace Reservicing programme and other significant property projects.
- Monitoring management's responsiveness to internal and external audit findings and the recommendations of other external bodies.
- Review of effectiveness of internal and external audit and agreement of audit plans.
- Ensuring robust policies and procedures are in place for assessing and managing fraud, theft and bribery.

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- Review of specific areas to assess and monitor progress in developing and enhancing internal control (e.g. Buckingham Palace Reservicing Programme, property maintenance management and data protection).
- Oversight of the Royal Household's Sustainability Programme.

Members of the Audit and Risk Assurance Committee

Members of the Audit and Risk Assurance Committee have a broad range of experiences relevant to the Royal Household's activities. The Committee meets formally three times a year, plus an additional meeting to review the Annual Report and Accounts, prior to approving this in a formal meeting. The membership of the Committee is set out below with the attendance record for the year:

| | Meetings attended |
|---|-------------------|
| Audit & Risk Assurance Committee | |
| Ms Sharmila Nebhrajani (Chair) | 3/3 |
| Mr Malcolm Reading | 3/3 |
| Ms Jacky Wright | 3/3 |
| Mr Stephen Oxley | 3/3 |

Members of the Audit and Risk Assurance Committee receive no remuneration in respect of their duties on the Committee. The Chair of the Audit and Risk Assurance Committee is remunerated for services as a Non-Executive member of the Lord Chamberlain's (see page 61).

Specialist risk managers in the Royal Household include the Director of Property, Head of Fire, Health and Safety, Head of Sustainability, Director of Royal Travel, the Director of Security Liaison and the Director of Digital Services, who is responsible for Information Assurance and Cyber Security. These specialists provide advice on the management of risks falling within their areas of responsibility and provide updates to the Risk Committee, the Lord Chamberlain's Committee and the Audit and Risk Assurance Committee when required.

ACCOUNTABILITY REPORT

GOVERNANCE ACTIVITIES DURING THE YEAR

A programme of internal audit work for the twelve-month period beginning 1 April 2023 was agreed by the Audit and Risk Assurance Committee at its meeting held on 20 March 2023. The Audit and Risk Assurance Committee reviews internal audit reports at each meeting. At the meetings held in November 2023 and March 2024, the Audit and Risk Assurance Committee reviewed progress reports on internal audit work undertaken during the year, containing the scope and findings of internal audit work undertaken compared to the original plan.

The annual report from the Head of Audit Services objectively examined, evaluated and reported on the control environment within the Sovereign Grant and provided an opinion about the adequacy of the systems and processes in place. In particular, reports were received on Policy Governance, Royal Mews Access Control, Coronation Gifts Policy and Garden Parties.

The Head of Audit Services' annual audit opinion on the overall adequacy and effectiveness of the risk management, control and governance processes is “Moderate” (defined as “Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control”). Where weaknesses were reported, a plan is in place for remediation and progress is closely monitored.

The Royal Household's Treasury Finance Manual sets out the basis for the allocation of costs for services undertaken by Royal Household departments funded by the Sovereign Grant on behalf of The Royal Collection Trust and Other Households. The Audit and Risk Assurance Committee reviewed the Treasury Finance Manual and any changes in cost allocation proposed for 2023-24 in light of the reorganisation of the Royal Household following the death of Her late Majesty and provided assurance to the Lord Chamberlain's Committee as to the reasonableness of any proposed changes.

Matters considered by the Audit and Risk Assurance Committee to be significant to the 2023-24 financial statements included accruals for Property and Reservicing work, information and systems risk management as well as cyber risk management.

POLICIES

Organisational policies are a critical part of the Royal Household's governance framework and all policies, including those outlined below, are accessible to staff through the Royal Household's intranet site. During the year, a standard template has been developed in order to improve consistency and useability. All policies are required to be reviewed on a regular basis.

The Disclosure Policy and Concern at Work Policy, detailed below, outline the means for employees to report any concerns. Searches of the intranet using terms such as whistleblowing will also direct staff to the Disclosure and Concern at Work policies as well as the anti-fraud policy. These policies are considered to be effective and are reviewed regularly in accordance with the policy review schedule.

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Disclosure Policy

The Royal Household requires that all employees adopt and maintain the highest standards of honesty and integrity, in order to safeguard the people, resources and sensitive information for which they are individually and collectively responsible. Under the provisions of the Public Interest Disclosure Act, the Royal Household has a disclosure procedure in place to enable employees to report any concerns that they may have in respect to qualifying disclosures e.g. concerns relating to suspected fraud, theft, bribery, any other criminal offence, a miscarriage of justice, health and safety at work, or damage to the environment.

The Royal Household Disclosure Policy sets out the means by which serious concerns can be appropriately escalated from within the organisation and be brought to the attention of Human Resources, Security Liaison, Audit Services and the Audit and Risk Assurance Committee.

Concern at Work Policy

This policy works alongside the Disclosure Policy outlined above, encouraging all individuals to raise any concerns that they may have about the conduct of others. The Concern at Work Policy sets out the way in which individuals may do this and how those concerns will be dealt with.

Declaration of Interests and Receipt of Gifts and Hospitality

The Royal Household endorses the Nolan Principles of public life and is active in maintaining high standards of conduct in relation to its employees and officials. The fundamental principle that governs the acceptance of gifts and hospitality by employees of the Royal Household is that no gifts, hospitality or services should be accepted from anyone which would, or would appear to, place an employee under any obligation to the donor.

All Royal Household staff, and non-executive members of the Lord Chamberlain's Committee and Audit & Risk Assurance Committee, are required to recognise and disclose, at least annually, activities which might give rise to a conflicts of interest (or the perception thereof) to ensure that any such conflicts can be appropriately managed or avoided.

The Royal Household Guidance for Private Secretaries

Approved by the Lord Chamberlain's Committee in May 2020 and most recently reviewed in May 2024, this Guidance consolidates and clarifies existing Royal Household guidelines and regulations. Its aim is to serve as a cross-Household reference tool on key working practices and procedures and on the professional and ethical standards expected of all Royal Households who support His Majesty through the performance of Official Duties. The Guidance is reviewed and updated annually by the Lord Chamberlain's Committee.

ACCOUNTABILITY REPORT

RISK MANAGEMENT

Introduction

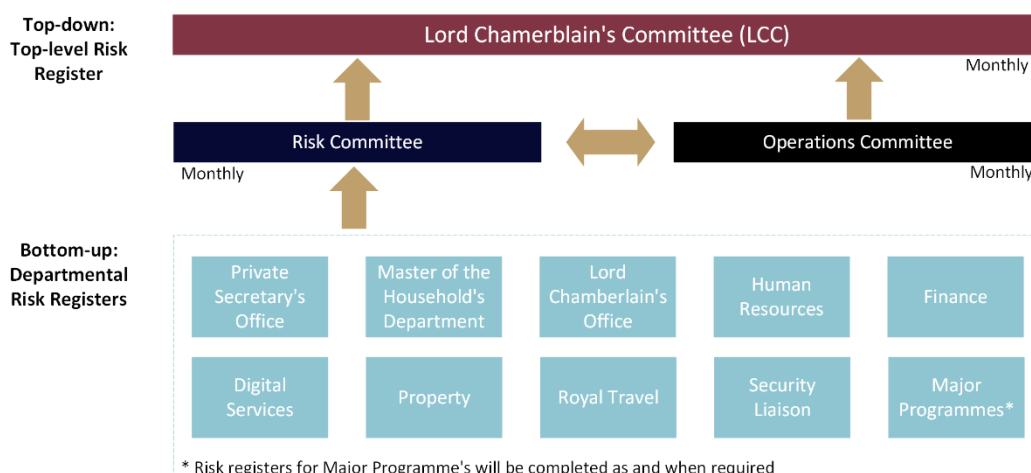
During the year the Risk Committee has developed and introduced a new Enterprise Risk Management Framework (ERM), which has been in place since Summer 2023. Prior to this, risks were highlighted, summarised and monitored in the Royal Household Risk Register, as Strategic and Operational Risks. These were regularly reviewed by the Risk Committee, and quarterly by the Lord Chamberlain's Committee.

The ERM utilises a top down and bottom-up approach to risk. The Risk Committee has provided departments across the Royal Household with the advice, tools and support needed to understand and manage risks at a departmental level and provides a clear escalation route.

Risk Governance

As outlined in Supporting committees section on page 41 the Risk Committee is responsible for Risk Management and has a clear reporting route into the Lord Chamberlain's Committee.

Our risk model is shown below:



The Lord Chamberlain's Committee is accountable for the identification and management of top-level and emerging risks. In addition, to reviewing bottom-up risks escalated by the Risk Committee there is a programme of deep-dives into each top-level risk at the Lord Chamberlain's Committee.

The Risk Committee is responsible for reviewing and challenging the completeness of the bottom-up risk registers on at least a bi-annual basis as well as identifying emerging risk areas which warrant focus.

ACCOUNTABILITY REPORT

During 2023-24, the Risk Committee met on a monthly basis and activities during the year included the following:

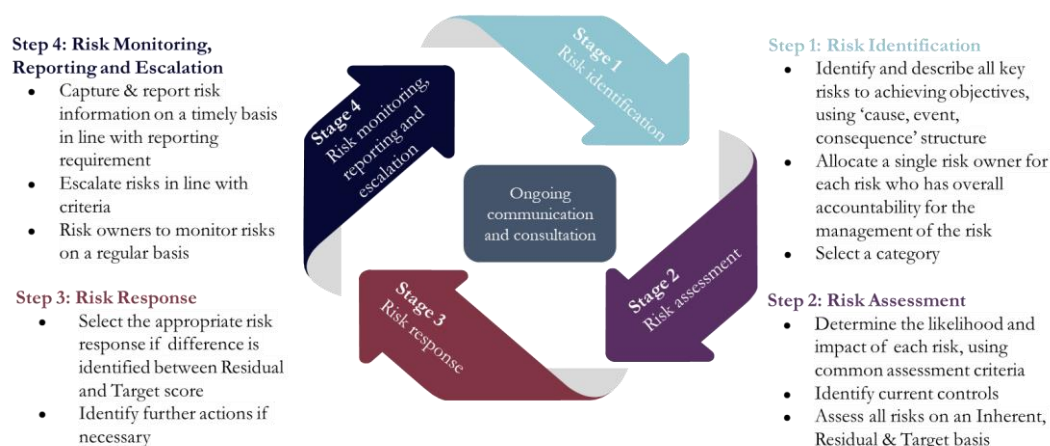
- Initiated the design, development, testing and implementation of the new Enterprise Risk Management (ERM) System
- Approved the ERM Policy
- Established new departmental bottom up risk registers and started their formal bi-yearly review in the Risk Committee
- Regularly debated, discussed and constructively challenged emerging risks and horizon scanning
- Reviewed Audit actions where additional risks needed consideration

Individual departmental leads, as the specialist risk managers for these areas, are responsible for managing risk within their business units and for ensuring the bottom-up risk register and associated controls for each department are regularly reviewed and maintained.

The Audit and Risk Assurance Committee reviews the ERM system, the Lord Chamberlain's Committee top level risk register and the Royal Household's internal control systems and has reported its findings to Lord Chamberlain's Committee as set out on pages 43 to 44.

Risk management process

The ERM process, shown below, supports a consistent and robust identification and management of Risk across the Royal Household, with regular reviews to ensure risks remain relevant and that emerging risks are captured in a timely manner.



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The ERM Framework provides a list of standard risk categories for use in all risk registers, which enable analysis of risks by category across the organisation, with risks categorised based on their nature (cause & event) rather than the impact. These categories are:



Each risk has an allocated Risk Owner and Action Owners (where different).

Risk Scoring Methodology

Each risk is assessed on an inherent, residual and target basis using the Royal Household risk assessment criteria.

This allows prioritisation of risk and a greater level of understanding of the effects of controls and the management of risk.

| | | | | |
|--------|-----------------|------------------------|-----------------------|---------------------|
| Impact | 4 - Critical | | | 1 Inherent |
| | 3 - Significant | | 2 Residual | |
| | 2 - Moderate | | 3 Target | |
| | 1 - Minor | | | |
| | | 1 - Unlikely (1-25%) | 2 - Possible (26-50%) | 3 - Likely (51-75%) |
| | | Likelihood | | |
| | | 4 - Very Likely (>75%) | | |

Impact

The impact of a risk is established by considering its potential effects on the achievement of the Royal Household's objectives. All risks are considered with the following categories of impact in mind:

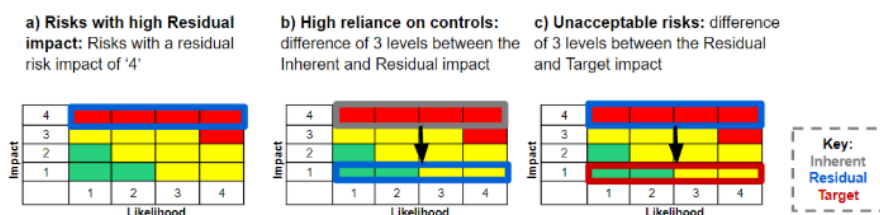
- Financial
- Reputational
- Regulatory/Compliance
- Health & Safety
- Infrastructure
- Systems and Data
- People and Culture
- Environmental

ACCOUNTABILITY REPORT

Likelihood

The likelihood of a risk occurring is determined by estimating the probability or expected frequency of the risk materialising within a period of 5 years.

Risks are escalated to the Lord Chamberlain's Committee by the Risk Committee based on agreed escalation criteria as shown below.



Emerging risks

There are a number of mechanisms for ensuring that emerging risks are identified and managed in a timely and effective manner. The principal method is, and always will be, the alertness of departments to changes in the risk environment within which they operate.

There are also ongoing structures in place which enable regular and formal discussion of emerging risks, principally through a standing agenda item on the Risk Committee agenda and inclusion in the minutes which are shared with the Lord Chamberlain's Committee.

Risk monitoring and review

During the year, an interactive dashboard to summarise the risk registers has been in development. This dashboard will, once fully developed, enable the Risk Committee to;

- review overall risk trends across the Royal Household
- identify common risks across multiple departments
- track progress of mitigating actions, with specific focus on overdue actions
- identify risks requiring escalation based on the escalation criteria below

Whilst this is under development, the Risk Committee has done a deep-dive into all departmental risk registers and established a schedule for each to be re-visited on a regular basis in order to ensure departmental risk managers are reviewing and updating the risk registers on a regular basis as required under the ERM process.

As the ERM process is new during the year, no review of the effectiveness of risk management has been undertaken during the year.

ACCOUNTABILITY REPORT

Principal risks

Pages 51 to 53 set out what the Royal Household believes to be the most significant risks impacting the Sovereign Grant. Physical security risk is not included as Sovereign Grant expenditure excludes the cost of physical security.

Key

Residual risk level as at March 2024

High



Medium



Low



Risk Movement from April 2023 to March 2024

Increase



Decrease








No change/New



| Risk description | Key controls and activities to manage risk |
|---|---|
| Inappropriate use of public funds Ineffective monitoring of expenditure could lead to the actual or perceived misuse of public funds leading to reputational damage and/or loss of funding. Residual risk rating: Change: | <ul style="list-style-type: none"> • The Lord Chamberlain's Committee and Operations Committee oversight of business planning, budgeting and monthly financial reports • Robust budgeting and forecasting processes • Delegated authority and payment processing controls • Mandatory adherence to Procurement Policy • Programme of review by Audit Services • Regular communication with HM Treasury Officer of Accounts. • Regular communication with NAO regarding activities and interpretation of guidance • Active monitoring of expenditure against HM Treasury delegated authority limits, Framework Agreement and Managing Public Money |
| Digital Safety Insufficient technical governance/maintenance could lead to the Royal Household systems or data being compromised/interrupted/damaged resulting in disruption to operations, loss of sensitive data, reputational damage, financial loss or fines. Residual risk rating: Change: | <ul style="list-style-type: none"> • Ongoing compliance with Cyber Essentials Plus • All end user devices built to NCSC hardened design • Multi-factor authentication implemented for all user accounts • Regular penetration testing of networks and systems • Training in cyber security and data protection is carried out on induction and annually thereafter. |

ACCOUNTABILITY REPORT

| | |
|--|---|
| <p>Travel Safety</p> <p>Travel operations and processes that do not comply with the Safety Management System could result in serious injury or death of a member of the Royal Family, a staff member or a member of the general public leading to significant reputational damage, fines and/or prosecutions, financial loss and Government and/or regulatory investigations.</p> <p>Residual risk rating: </p> <p>Change: </p> | <ul style="list-style-type: none"> • Annual review of the Royal Travel Safety Management System by the Aviation Safety Review Board, chaired by the Accountable Manager. Includes review of compliance. • Annual Emergency Response Plan exercises • Monthly compliance audit by third party consultant • Regular external audit of Air Safety Management System • Annual Royal Train Review held, including Network Rail audit. |
| <p>Fire</p> <p>Ineffective systems and procedures could lead to an uncontrollable fire at a Royal Residence (in particular Buckingham Palace due to the current Resourcing Programme) that may result in harm to individuals, damage to property, financial and asset loss and organisational disruption.</p> <p>Residual risk rating: </p> <p>Change: </p> | <ul style="list-style-type: none"> • Fire Safety Policy & Procedures communicated to all staff and contractors • Comprehensive Fire Alarm System across the estate • Full time Fire Safety Teams and 24 hours /7 day Fire Control Rooms in London and Windsor • BPR Fire Prevention Board, daytime fire patrols and regular evening patrols of sites • Regular reviews by Fire Inspector and emergency exercises with local fire brigades • For more information see section on Fire Safety on page 53. |
| <p>Sustainability</p> <p>A lack of progress in the Royal Household reducing its carbon emissions, which will undermine the urgent need to address the impact of climate change.</p> <p>Residual risk rating: </p> <p>Change: New in year</p> | <ul style="list-style-type: none"> • Sustainability strategy agreed by the Lord Chamberlain's Committee • Various sustainability projects and measures in place across the Royal Estate • Sustainability team growing to match required pace to deliver strategy • Programme of employee communication, education and training. |

ACCOUNTABILITY REPORT

| | |
|--|--|
| <p>Inclusive Culture</p> <p>Insufficient embedding of an inclusive culture may lead to an environment where diversity is not valued and talented people from all backgrounds do not thrive. This could result in harm to staff or members of the public, reputational damage, potential legal action, and the Royal Household being seen as an undesirable place to work impacting ability to recruit/retain quality staff with appropriate skills and experience.</p> <p>Residual risk rating : ●</p> <p>Change: ↓</p> | <ul style="list-style-type: none"> • Inclusion & Diversity Strategy owned by the Lord Chamberlain and supported by the Inclusion & Diversity Working Group • Up-to-date Grievance, Disciplinary and Dignity at Work policies and procedures published which set out how to raise and handle complaints. • Incidents and complaints are handled robustly. • Regular listening exercises to measure inclusivity of culture. • New Inclusive Leadership development programme for top 60 managers. • Development of organisation Values to clarify and reinforce expected behaviour standards of everyone who works for and with the Royal Household. • Training and other resources available for all staff |
|--|--|

FIRE, HEALTH AND SAFETY

Fire Safety

The Royal Household's fire safety strategy relies on effective fire prevention, early detection, training, regular fire drills, active and passive fire protection and risk management.

Automatic fire detection and alarm systems are installed throughout the Estate. The systems are maintained under preventative term contracts. They are regularly tested and are continuously monitored but the systems are reaching the end of their life cycle. Over the next five years, including work that has begun within the Buckingham Palace Reservicing Programme, a new fire system will be installed across the London and Windsor Estates.

In accordance with the Regulatory Reform Fire Safety Order and associated legislation, fire risk assessments are undertaken on a regular basis, using competent consultants. Regular fire safety inspections are completed by Fire Teams at London and Windsor, including the monitoring of fire safety measures in the Buckingham Palace Reservicing Programme Management Office (PMO) and Property construction areas. External experts, including the Crown Premises' Fire Safety Inspector, periodically undertake independent reviews of fire safety systems.

Larger projects, the most significant of which is the Buckingham Palace Reservicing Programme, are subject to their own fire risk assessments and control arrangements. For the Buckingham Palace Reservicing Programme there is also a formal monthly Fire Prevention Board, attended by the Crown Premises' Fire Safety Inspectorate and the London Fire Brigade to provide external expertise and guidance.

Good working relationships are maintained with the relevant Fire Brigades covering the Occupied Royal Palaces, with regular reviews and updates of Fire Brigade tactical plans, site familiarisation visits for local crews and Fire Brigade exercises conducted on-site – the most recent at Buckingham Palace in March 2022. All staff are required to undertake fire safety awareness

ACCOUNTABILITY REPORT

training and Fire Marshals receive additional fire safety training to assist with regular evacuation exercises, in order to test procedures.

Health and Safety

The Royal Household is committed to proactive management of health and safety, and is aware of its responsibilities to employees, visitors, residents and contractors. This includes seeking to adopt best practice in all aspects of health and safety including compliance with relevant statutory provisions, to create a strong safety culture and avoid accidents and cases of work-related ill health.

Responsibility for health and safety rests with managers and employees, supported by a central Health and Safety team. Departmental Safety Coordinators (DSC) and Safety Representatives support their branches at local level. The central Health and Safety team provides advice and guidance to managers and staff, audits significant risks and completes regular site tours, to ensure continuous improvement to safety and health in the workplace. This includes the provision of mandatory and job specific training for all staff, relevant to their role.

Proactive consultation with staff is undertaken through the Quarterly Health and Safety Committee, Chaired by the Keeper of the Privy Purse and through DSC and Safety Representatives meeting attended by the Health and Safety Team.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE

Although the Royal Household is not obliged to comply with the requirements of the UK Corporate Governance Code 2018 (“the Code”)²⁹, The Lord Chamberlain's Committee nevertheless supports the principles and provisions set out in the Code and in so far as the Code provisions are applicable to the circumstances of the organisation, the Royal Household complies with the Code where appropriate. Many areas of our governance, however, are governed by The Sovereign Grant Act 2011, HM Treasury guidance or other government guidance.

During the year under review the Royal Household has applied all the principles and complied with all the provisions to the Code, where they are applicable, except the following:

- Provision 5 – engagement with the workforce: The Lord Chamberlain’s Committee has not engaged with the workforce using the methods proposed by the Code. During the year other methods of engagement have been utilised, including updates from The Lord Chamberlain both verbally and via the intranet, staff surveys and launch events for the new purpose and values.
- Provision 11 – Board composition: The Lord Chamberlain’s Committee, as the Board equivalent, currently has six executive members and six non-executive members, with only two of the non-executive members considered to be independent. The Government Corporate Governance code (2017)³⁰ recommends that a board should have at least four non-executive members, the majority of whom should be senior people from the commercial private sector. Of the six non-executive members, there is considered to be sufficient experience from the commercial private sector or complex public sector organisations.

²⁹ The Code is publicly available on the Financial Reporting Council (FRC) website, frc.org.uk

³⁰ The [Corporate governance code for central government departments 2017 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/624242/cgc-2017.pdf)

ACCOUNTABILITY REPORT

- Provision 12 – senior independent non-executive director: The Royal Household has opted not to formally nominate a senior independent member of the Lord Chamberlain's Committee, although informally this would be considered to be the chair of the Audit, Risk and Assurance Committee and this is deemed sufficient.
- Provision 13 – Chair meetings with non-executive directors without the executive directors present: The Lord Chamberlain meets informally with the non-executive directors separately from the Lord Chamberlain's Committee meetings. All non-executive members, including the independent members, are able to discuss any matters as required, including the performance of executive members.
- Provision 20 – Disclosure of external search consultancy in Annual report: The Royal Household has historically not opted to disclose any external search consultancy used for the recruitment of chair or non-executive members due to the disproportionate publicity this would attract to the search consultancy.
- Provision 21 – annual effectiveness review of Board: A formal review of the performance of the Lord Chamberlain's Committee is conducted every three years, this was last conducted in 2022 and led to the introduction of two new sub-committees of the Lord Chamberlain's Committee.
- Provision 37 – remuneration schemes and policies should enable the use of discretion to override formulaic outcomes: This is not formally documented, but in practice does happen in consultation between the Director of HR and the Keeper of the Privy Purse, where required. In addition, HM Treasury would be consulted if a significant departure was to be proposed.
- Principle K – consideration should be given to the length of service of the board as a whole and membership regularly refreshed: Due to the nature of the roles held by members of the Lord Chamberlain's Committee and their relationships with Members of the Royal Family, it is not within the scope of the Lord Chamberlain's Committee, or of the Lord Chamberlain as Chair, to refresh the membership of the Lord Chamberlain's Committee regularly – with the exception of the independent non-executive members who operate on a fixed term, as does the Lord Chamberlain.

ACCOUNTABILITY REPORT

ACCOUNTING OFFICER'S STATEMENT

Scope of Responsibilities

As Accounting Officer, I have responsibility for maintaining a sound system of governance that supports the achievement of the aims and objectives of the Royal Household in areas funded by the Sovereign Grant, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The role and responsibilities of the Accounting Officer are defined in the Framework Agreement relating to the Sovereign Grant.

The UK Corporate Governance Code (the Code) issued by the Financial Reporting Council is widely acknowledged as representing best practice in governance. Although the Royal Household is not obliged to comply with the requirements of the Code, The Lord Chamberlain's Committee nevertheless supports the principles and provisions set out in the Code and in so far as the Code provisions are applicable to the circumstances of the organisation, the Royal Household complies with the Code where appropriate. Many areas of our governance, however, are governed by The Sovereign Grant Act 2011, HM Treasury guidance or other government guidance.

The Purpose of the System of Governance

The governance framework comprises the policies, systems and processes, culture and standards by which the activities of the Royal Household are directed and controlled. It enables the Royal Household to monitor the achievement of its strategic objectives and consider whether they have been achieved in a cost-effective manner.

Risk management is designed to manage performance and control risk to a reasonable level rather than to eliminate all risk of failure to achieve objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of Royal Household aims and objectives.
- Evaluate the likelihood of those risks materialising.
- Assess the impact should they materialise.
- Manage those risks efficiently, effectively and economically.

The governance framework has been in place for the period covered by this report and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance.

Monitoring the effectiveness of Governance and internal control

As Accounting Officer, I have responsibility for ensuring the effectiveness of the governance framework. My review of effectiveness is supported by the work of the internal auditors and the senior managers within the Royal Household who have responsibility for the development and maintenance of the governance framework, the Head of Audit Services' annual report and comments made by the external auditors and other qualified professionals in their management letters and reports. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

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- There is a Royal Household Enterprise Risk Management System to support the Lord Chamberlain's Committee's oversight and mitigation of risk. This is regularly reviewed by the Lord Chamberlain's Committee, in order to identify emerging risks or changes in risk assessments. The underlying departmental risk registers, managed by the relevant risk specialists, are regularly reviewed by the Risk Committee and emerging risks discussed at every meeting. The Audit and Risk Assurance Committee reviews the Lord Chamberlain's Committee risk register at each meeting.
- The Audit and Risk Assurance Committee regularly requires Heads of Department and senior managers to present an outline of the activities in their area of responsibility to ensure that key risks are appropriately identified and managed.
- The internal audit function takes a risk-based approach to audits and operates to a plan of work agreed by the Audit and Risk Assurance Committee that is aligned to the risk registers and Royal Household objectives. The findings of reviews are reported to the Audit and Risk Assurance Committee.
- The Audit and Risk Assurance Committee monitors management's progress with the implementation of agreed internal and external audit recommendations, ensuring that management establishes appropriate priorities.
- Assurance on specialist areas such as Digital Services and Physical Security, the Buckingham Palace Reservicing Programme, Property Maintenance statutory compliance and Royal Travel safety are provided by qualified, external professionals and regulatory bodies.
- Ongoing budgetary control is monitored by the production of regular and timely financial management reports.
- The Royal Household's management of the Sovereign Grant is facilitated through bi-monthly meetings with HM Treasury.
- The Lord Chamberlain's Committee and the Audit and Risk Assurance Committee have examined the assurance received from the work of internal audit, reports received by the respective subsidiary boards and committees and other sources in order to provide additional confirmation that risk is being properly managed throughout the Royal Household.

SUMMARY

The year under review has been a busy period for the Royal Household, with The Coronation of Their Majesties and a full programme of events and public engagements, including one inward and two outward State Visits.

The supporting committees of the Lord Chamberlain's Committee, introduced following a governance review in 2022-23, have matured during the year and continue to provide valuable support in the review of risks and operational plans to ensure the Lord Chamberlain's Committee is well informed when making decisions.

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The review as detailed above provides assurance as to the effectiveness of the Royal Household's governance structure and I am satisfied that there have been no governance issues identified during the year that are considered significant in relation to the Royal Household's governance framework. The Lord Chamberlain's Committee and I are therefore satisfied that opportunities for improvement in governance identified as a consequence of the assurance processes detailed above have been addressed or will be actioned to ensure that the Royal Household continues to maintain the highest standards and makes effective use of its resources in achieving its objectives, whilst managing risks in an appropriate manner.

The Lord Chamberlain's Committee and I have considered all our activities during the year and confirm that they are in accordance with the legislation authorising them.



Sir Michael Stevens
Keeper of the Privy Purse
16 July 2024

ACCOUNTABILITY REPORT

REMUNERATION AND STAFF REPORT

EXECUTIVE REMUNERATION (AUDITED)

The salaries of the Lord Chamberlain's Committee are set with reference to Senior Civil Service pay scales.

All Executive members of the Lord Chamberlain's Committee are appointed on permanent contracts and have notice periods of three months. The Lord Chamberlain's contract is fixed term and is a part time role. There are no specific provisions for termination payments.

Total remuneration, excluding any compensation payments, for Executive members of the Lord Chamberlain's Committee who are paid from official expenditure (before the deduction of abatements and other charges in respect of housing), is shown below:

| | Total Remuneration | | Salary | | Pension Payments (to nearest £'000) | |
|---|-----------------------|---------|---------|---------|---|------|
| Year to 31 March (audited) £'000 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| The Lord Parker of Minsmere | 190-195 | 160-165 | 165-170 | 135-140 | 25 | 21 |
| <i>Full time equivalent salary</i> | | | 210-215 | 195-200 | | |
| The Rt. Hon. Sir Clive Alderton (from 9 September 2022, previously Non-Executive member) | 265-270 | 145-150 | 215-220 | 115-120 | 52 | 31 |
| <i>Full year equivalent salary</i> | | | | 205-210 | | |
| The Lord Young of Old Windsor (till 15 May 2023) | 35-40 | 230-235 | 30-35 | 200-205 | 5 | 30 |
| <i>Full year equivalent salary</i> | | | 205-210 | | | |
| Ms Sophie Densham (from 9 September 2022, previously Non-Executive member) | 120-125 | 40-45 | 105-110 | 35-40 | 16 | 7 |
| <i>Full year equivalent salary</i> | | | | 90-95 | | |

ACCOUNTABILITY REPORT

| | Total Remuneration | | Salary | | Pension Payments (to nearest £'000) | |
|---|-----------------------|---------|----------------|---------|---|------|
| Year to 31 March (audited) £'000 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Sir Michael Stevens | 170-175 | 160-165 | 135-140 | 125-130 | 34 | 34 |
| <i>Full time equivalent salary</i> | | | 225-230 | 215-220 | | |
| Vice Admiral Sir Tony Johnstone-Burt | 190-195 | 180-185 | 165-170 | 155-160 | 24 | 24 |
| Lt Col. Michael Vernon | 120-125 | 115-120 | 105-110 | 100-105 | 16 | 15 |

The Rt. Hon. Sir Clive Alderton is on secondment from the Foreign, Commonwealth and Development Office (“FCDO”), the remuneration disclosed here includes the accrued FCDO salary and pension contributions which are reimbursed by the Sovereign Grant.

Sir Michael Stevens’ full time equivalent salary includes his remuneration for duties to the Privy Purse, which is not paid for by the Sovereign Grant.

As part of centrally provided risk benefit cover for employees within the defined contribution pension scheme, up to 1.09% of pensionable salary is contributed for death-in-service and income replacement schemes.

Vice Admiral Sir Tony Johnstone-Burt and Rt. Hon. Sir Clive Alderton were provided with housing for the better performance of their duties with rent deducted from their salaries at a rate agreed with HM Treasury.

The Lord Young of Old Windsor left the Royal Household on 15 May 2023 and received a compensation payment of £145,000-£150,000, which was accrued in the 2022-23 accounts.

All pension payments relate to the defined contribution scheme or are payments in lieu of pension.

Mr Tim Knox, Director of the Royal Collection, is not included in the above table because he was paid by the Royal Collection Trust and his remuneration is disclosed in the annual report published by the Royal Collection Trust.

The Lord Parker of Minsmere, The Rt Hon. Sir Clive Alderton, Sir Michael Stevens and Vice Admiral Sir Tony Johnstone-Burt are trustees of the Royal Collection Trust, but do not receive any remuneration for their services. Sir Michael Stevens and Mr Tim Knox are also trustees for Historic Royal Palaces. Sir Michael Stevens is also a Council Member of the Duchy of Lancaster and does not receive remuneration for those services.

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Ms Sharmila Nebhrajani, Chair of the Audit and Risk Assurance Committee is a Non-Executive member of the Lord Chamberlain's Committee and is remunerated for attendance at its meetings (2023-24: £5,000-£10,000; 2022-23: £5,000-£10,000).

Ms Carol Hui is a Non-Executive member of the Lord Chamberlain's Committee, since June 2022, and is remunerated for attendance at meetings (2023-24: £5,000-£10,000; 2022-23: £5,000-£10,000).

Fair Pay Disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's staff.

The relationship between the remuneration (FTE) of the highest paid Lord Chamberlain's Committee member and the median remuneration of the rest of the staff is set out below. The banded remuneration (FTE) of the highest-paid director in the financial year 2023-24 was £225,000-£230,000 (2022-23: £215,000-£220,000). The median remuneration is the total remuneration of the staff member lying in the middle of the linear distribution of the total staff, excluding the highest paid Lord Chamberlain's Committee member. Total remuneration includes salary, based on annualised, full-time equivalent remuneration as at 31 March and benefits-in-kind, but excludes pension contributions and any severance payments. There were no bonuses paid in 2023-24 or 2022-23.

| | Lower quartile | | Median | | Upper quartile | |
|--------------------|----------------|---------|---------------|---------|----------------|---------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Salary | 27,200 | 24,856 | 32,066 | 31,247 | 44,959 | 43,550 |
| Pay ratio | 8.4 | 8.8 | 7.1 | 7.0 | 5.1 | 5.0 |
| Total remuneration | 27,250 | 24,856 | 32,066 | 31,303 | 45,959 | 44,117 |
| Pay ratio | 8.4 | 8.8 | 7.1 | 6.9 | 5.1 | 4.9 |

The ratio and average staff remuneration movement is attributable to previous vacancies being filled, as well as a cost of living uplift for staff. Excluding the increase in staff numbers the median pay ratios are consistent with the pay policy.

In 2023-24 no member of staff received remuneration in excess of the highest paid Lord Chamberlain's Committee member (2022-23: nil). Remuneration (FTE) ranged from £22,031 to £225,000-£230,000 (2022-23: £19,909 to £215,000-£220,000).

ACCOUNTABILITY REPORT

For all staff paid for in whole or in part by the Sovereign Grant:

| As at 31 March (audited) | 2024 | 2023 |
|---|-------------|-------------|
| Sovereign Grant remuneration increase/(decrease) from previous financial year: | | |
| Highest paid LCC member | 6.0% | 2.5% |
| Average of all staff, excluding the highest paid LCC member (FTE) | 2.7% | 5.3% |

The average salary of all staff, excluding the highest paid LCC member (FTE) is 2.7% due to the mix of vacancies filled during the year. The average pay rise in 2023-24 across all Sovereign Grant employed staff was 7.3%.

STAFF REPORT

The Royal Household's employment policies and practices support the delivery of its purpose and objectives and the creation of a workplace which promotes its values.

Employees are encouraged to develop new skills and to continuously grow and progress their careers. Apprenticeships are encouraged and supported. Talent is recognised and project work and cross Department projects, such as the Buckingham Palace Reservicing programme, have created opportunities for new skills to be deployed and developed. Focus groups, "team spaces" on the Royal Household's intranet, staff consultation sessions and bi-annual as well as smaller, faster pulse surveys also encourage innovation and ideas to be contributed. Managers are expected to seek feedback from their teams and involve them in decision making. A culture of inclusivity, feedback and recognition is developing, with informal and formal recognition schemes, alongside more interactive communications made possible by the intranet.

Alongside management support, social activities and wellbeing programmes are recognised as having a key part to play in creating a healthy and engaged workforce. Counselling and support are provided through the Royal Household's long-established employee assistance programme and staff have been trained to be Mental Health First Aiders, as well as provide the statutory first aid required by Health and Safety legislation. Managers are trained to support, mentor and coach their teams and monitor their contribution, evaluating their team's progress through the use of the online Performance Management system. Inclusion and Diversity are valued, all appointments and promotions are on merit, with active consideration given to applicants with disabilities and support to employees who become disabled to ensure their development and career progression continues. Family Friendly policies, including enhanced paid maternity, parental and shared parental leave as well as flexible working enabled by digital workplace technologies support work life balance and more agile working arrangements.

ACCOUNTABILITY REPORT

Staff numbers and costs

Further details of Staff numbers and an analysis of Staff costs can be found in Note 4 on page 101.

| <i>Year to 31 March (audited)</i> | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
|--|-------------|-------------|---------------------|-------------|--------------|-------------|
| | Permanent | | Fixed term contract | | Total | |
| Average number of Full Time Equivalent (FTE) staff paid from the Sovereign Grant | 508 | 498 | 15 | 19 | 523 | 517 |
| £m | | | | | 2024 | 2023 |
| Cost of FTE staff | | | | | 27.9 | 27.1 |
| External consultancy spend | | | | | 1.7 | 2.2 |
| Agency staff costs (mostly related to Reservicing) | | | | | 2.5 | 3.0 |

Payroll costs have increased in 2023-24 as vacancies were filled and headcount increased in line with activities.

External consultancy spend has decreased compared to the prior year as less spend was required for Digital Services, Carbon Emissions baselining and specialist procurement undertaken.

The average number of days of employee absence due to sickness in 2023-24 was 5.7 (2022-23: 6.1).

ACCOUNTABILITY REPORT

Exit packages (audited)

Staff numbers and costs There were 3 exit packages for agreed departures in the year (2022-23: 16) split as follows (paid for by the Sovereign Grant and excluding any element paid for by any other sources of funding):

| | No. Compulsory redundancies | No. other departures agreed | Total number of exit packages |
|--------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| | 2023-24 (2022-23) | 2023-24 (2022-23) | 2023-24 (2022-23) |
| < £10,000 | - (4) | - (-) | - (4) |
| £10,001 to £25,000 | - (5) | 1 (1) | 1 (6) |
| £25,001 to £50,000 | 1 (4) | - (1) | 1 (5) |
| £50,001 to £75,000 | - (-) | 1 (-) | 1 (-) |
| > £75,000 | - (1) | - (-) | - (1) |
| Total no. of exit packages | 1 (14) | 2 (2) | 3 (16) |
| Expenditure on exit packages (£'000) | | | 97 (444) |

ACCOUNTABILITY REPORT

Staff gender composition (unaudited)

For all staff paid for in whole or in part by the Sovereign Grant:

| <i>As at 31 March (unaudited)</i> | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
|--|------|------|-------|------|-------|------|
| | Men | | Women | | Total | |
| Equivalent to Senior Civil Service grades, including members of the Lord Chamberlain's Committee | 27 | 29 | 19 | 16 | 46 | 45 |
| | 59% | 64% | 41% | 36% | 100% | 100% |
| Other grades | 251 | 262 | 298 | 288 | 549 | 550 |
| | 46% | 48% | 54% | 52% | 100% | 100% |
| Total number of FTE staff | 278 | 291 | 317 | 304 | 595 | 595 |
| | 47% | 49% | 53% | 51% | 100% | 100% |
| Membership of The Lord Chamberlain's Committee | 8 | 8 | 3 | 4 | 11 | 12 |
| | 73% | 67% | 27% | 33% | 100% | 100% |
| Membership of the Operations Committee | 6 | 4 | 5 | 6 | 11 | 10 |
| | 55% | 40% | 45% | 60% | 100% | 100% |
| Membership of the Risk Committee | 6 | 4 | 5 | 5 | 11 | 9 |
| | 55% | 44% | 45% | 56% | 100% | 100% |
| Membership of the Audit & Risk Assurance Committee | 2 | 2 | 2 | 2 | 4 | 4 |
| | 50% | 50% | 50% | 50% | 100% | 100% |

The mean gender pay gap for the Royal Household (excluding staff employed by Royal Collection Enterprises Limited) at 5 April 2024 was 2.23% (4.16% 5 April 2023). The mean national gender pay gap in 2023 was 14.3%.³¹

³¹ The 2024 national mean is not available as the regulations require disclosure no later than one year in arrears. The Royal Household have opted to disclose 2024 ahead of the required timetable. The disclosure in the Sovereign Grant 2022-23 report was 5.71% for 5 April 2022.

ACCOUNTABILITY REPORT

Proportion of ethnic minority employees *(unaudited)*

| <i>As at 31 March</i> | 2024 | 2023 | 2022 | |
|---|-------|-------|------|---------------------|
| Proportion of Ethnic Minority Employees | | | | |
| Overall | | | | |
| including NED members of the Lord Chamberlain's Committee | 11.4% | 9.7% | 9.7% | 2025 target is 14%. |
| Proportion of Ethnic Minority Employees | | | | |
| Senior Roles | | | | |
| including NED members of the Lord Chamberlain's Committee | 11.4% | 12.2% | | |

The mean ethnic minority pay gap for the Royal Household at 5 April 2024 was 3.9% ³².



Sir Michael Stevens
Keeper of the Privy Purse
16 July 2024

³² Reporting of ethnic minority pay gap is not yet mandatory, and as such no national mean is available.

ACCOUNTABILITY REPORT

STATEMENT OF THE KEEPER OF THE PRIVY PURSE'S FINANCIAL RESPONSIBILITIES

The Keeper of the Privy Purse is responsible for ensuring that:

- The administration of the Sovereign Grant fully accords with the accounts direction given by HM Treasury in accordance with the Framework Agreement between the Royal Household and HM Treasury;
- The Sovereign Grant is applied only for the purposes set out in the Framework Agreement between the Royal Household and HM Treasury; and
- The administration of the Sovereign Grant fully accords with *Managing Public Money* and other guidance that may be notified to the Royal Household by HM Treasury.

The Keeper of the Privy Purse is required to submit this Annual report to the Lord Chamberlain and the Treasury Officer of Accounts and is responsible for ensuring that the Sovereign Grant Annual Report and Accounts are prepared on an accruals basis and give a true and fair view of the state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

The Keeper of the Privy Purse is also responsible for ensuring that:

- The Royal Household maintains the books and records which are proper and necessary to enable it to discharge its responsibility, as set out in the Framework Agreement, for income and expenditure;
- The Sovereign Grant is used economically, efficiently and effectively to secure good value for money, in accordance with propriety and regularity;
- Staff paid from the Sovereign Grant take financial considerations fully into account at all stages in framing, reaching and executing decisions in so far as the Sovereign Grant is concerned; and
- Proper, effective and timely follow-up action is taken to all internal and external audit reports.

The Keeper of the Privy Purse is also responsible for safeguarding the assets acquired from Sovereign Grant funds and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Keeper of the Privy Purse confirms that, so far as he is aware, there is no relevant audit information of which the Sovereign Grant auditors are unaware; and he has taken all the steps that he ought to have taken as Keeper of the Privy Purse to make himself aware of any relevant audit information and to establish that the Sovereign Grant auditors are aware of that information.

ACCOUNTABILITY REPORT

The Keeper of the Privy Purse confirms that this Annual Report and Accounts as a whole is fair, balanced and understandable and provides the information necessary for assessing the Sovereign Grant's position, performance, business model and strategy. The Keeper of the Privy Purse takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

A handwritten signature in black ink that reads "Michael Stevens". The signature is written in a cursive, slightly informal style.

Sir Michael Stevens
Keeper of the Privy Purse
16 July 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Royal Household in respect of the Sovereign Grant and Sovereign Grant Reserve for the year ended 31 March 2024 under the Sovereign Grant Act 2011. The financial statements comprise the:

- Statement of Financial Position as at 31 March 2024;
- Statement of Income and Expenditure, Statement of Comprehensive Income and Expenditure, Statement of Cash Flows and Statement of Changes in Reserves for the year then ended;
- Royal Trustees' statement in respect of the Sovereign Grant Reserve presented under Section 4 of the Sovereign Grant Act 2011; and
- related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion:

- the financial statements give a true and fair view of the state of the Royal Household's affairs in respect of the Sovereign Grant and Sovereign Grant Reserve as at 31 March 2024 and its total net expenditure for the year then ended;
- the statement of accounts of the Royal Household in respect of the Sovereign Grant has been properly prepared in accordance with Section 2 of the Sovereign Grant Act 2011 and HM Treasury directions issued thereunder; and
- the statement of accounts of the Sovereign Grant Reserve has been properly prepared in accordance with Section 4 of the Sovereign Grant Act 2011 and HM Treasury directions issued thereunder.

OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom* (2022). My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Royal Household in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of authorities

Authorising legislation

- The Sovereign Grant Act 2011

HM Treasury and related authorities

- Managing Public Money
- Framework Agreement between the Royal Household and HM Treasury relating to the Sovereign Grant

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements in respect of the Sovereign Grant and the Sovereign Grant Reserve, I have concluded that the Royal Household's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the Lord Chamberlain's Committee's assessment of the continued appropriateness of adopting the going concern basis of accounting included obtaining sufficient audit evidence to conclude that:

- The going concern basis of accounting for the Sovereign Grant and Sovereign Grant Reserve is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future; and
- The Lord Chamberlain's Committee's assessment of the going concern basis of accounting and the resources available to enable The King to undertake His Official Duties, is appropriate in the circumstances.

I make no observations with respect to that assessment.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Sovereign Grant and Sovereign Grant Reserve's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Royal Household's reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the statements

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

in the Annual Report and financial statements about whether the Lord Chamberlain's Committee considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Sovereign Grant and the Sovereign Grant Reserve is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

OVERVIEW OF MY AUDIT APPROACH

KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed significant risk of material misstatement arising from fraud in revenue recognition or the presumed risk of material misstatement due to fraud through management override of controls, areas where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Assurance Committee; their report on matters that they considered to be significant to the financial statements is set out on page 43.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

- the change in reign is no longer a key audit matter as the operations to manage the end of reign of Her Late Majesty Queen Elizabeth II and the accession of His Majesty King Charles III substantially occurred in the prior financial year.
- the implementation of IFRS 16 *Leases* as adapted by HM Treasury's Financial Reporting Manual is no longer a key audit matter as this completed in the prior financial year.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

Buckingham Palace Reservicing Programme

Description of risk

Since 2017, the Royal Household has been undertaking the 10-year Buckingham Palace Reservicing programme, which includes a combination of works to update Buckingham Palace's essential services including electric cabling and heating systems, and operational improvements including new lifts, lavatories and improved disabled access. The overall objective of the Reservicing programme is to mitigate the risk of operational failure and deliver an enduring building infrastructure with a life expectancy of 50 years.

In accordance with HM Treasury directions issued under the Sovereign Grant Act 2011, Buckingham Palace as an asset held in right of the Crown is not recognised within the Sovereign Grant, however expenses relating to its use and maintenance and new separately identifiable items of plant and equipment are included. The Reservicing programme is funded by a separate element of the Sovereign Grant, amounting to £34.5 million of the total £86.3 million Sovereign Grant received in 2023-24 (£34.5 million in 2022-23). As at 31 March 2024, cumulative expenditure of £239.1 million has been incurred against the total Reservicing programme budget of £369 million.

This is a high-profile and large-scale programme and I consider that the risk for the financial statements is particularly focussed on the classification of expenditure; whether expenditure has been accounted for in the correct period; and the valuation of accruals, which involve management judgement in relation to the estimated stage of completion of works at the reporting date.

My audit has placed particular focus on:

How the scope of my audit responded to the risk

- whether transactions have been classified appropriately;
- whether the transactions have been recorded in the correct financial year;
- the completeness and existence of year-end accruals;
- the valuation of year-end accruals which involve management judgement; and
- the auditor's objective under ISA (UK) 540 to conclude whether an estimate is reasonable and adequately disclosed in the context of the financial reporting framework in respect of the stage of completion of works.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

I have inspected the design and implementation of the Royal Household's controls to manage spend relating to the Reservicing programme. Based on the findings of my work, I am satisfied that the controls relating to the classification of expenditure and valuation of accruals at 31 March 2024 are working effectively and I have relied on them to gain my assurance.

I have documented and assessed the use of experts by management in forming judgements as to the stage of completion of works, including calculation of any associated accruals as at the reporting date. As part of this work, I have obtained evidence confirming that the experts used are appropriately qualified, have sufficient capability and competence to perform this work to a sufficient standard and follow an appropriate methodology.

I have undertaken a sample test of project expenditure throughout the year to ensure that this was accounted for and classified appropriately. I have performed an assessment of the completeness of expenditure and have performed substantive testing to gain assurance that expenditure has been allocated to the correct financial year.

I have considered management's judgements and policies for capitalising elements of the Reservicing programme costs as assets under construction and found the judgements to be in accordance with IAS 16 *Property, Plant and Equipment* and the framework agreement with HM Treasury.

I have undertaken a sample test of trade payables and prepayments as at 31 March 2024 and have agreed these balances to sufficient and appropriate evidence.

I have performed a risk assessment on the Reservicing programme accruals population and tested a sample of accruals to confirm these are appropriate and supported by evidence. I have also undertaken procedures to assess the completeness of accruals relating to the Reservicing programme as at 31 March 2023.

I conducted a separate Value for Money audit on the Progress on the Buckingham Palace Reservicing Programme. I considered the consistency of findings from that review with my audit of the financial statements of the Sovereign Grant and Sovereign Grant Reserve.

Key observations

The net expenditure incurred on Reservicing in 2023-24 exceeded available funding by £3.9 million. This has been temporarily funded out of the Core Sovereign Grant Reserve in order to maintain momentum on the programme, increasing the total funding from the Core Sovereign Grant Reserve to the Reservicing Programme to £4.7 million. This will be repaid

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

from the Reservicing element of the Sovereign Grant received in the remaining 3 years of the Reservicing programme. I consider this approach is allowable under the Sovereign Grant Act 2011 and the Framework Agreement with HM Treasury and sufficient disclosure has been included within the financial statements.

Based on the evidence received, I have concluded that no material error exists and I am content that the Reservicing programme is appropriately recognised and disclosed within the 2023-24 financial statements.

Royal Household Group Pension Scheme

Description of risk

The Sovereign Grant has a £0.5 million net pension asset (£0.5 million asset in 2022-23) in relation to its participation in the Royal Households Group Pension Scheme. This is comprised of gross pension assets of £27.1 million (£27.5 million in 2022-23) and a scheme liability of £26.6 million (£27.0 million in 2022-23).

The scheme liability is a significant estimate where small changes in the underlying assumptions can lead to considerable changes in the value of the liability. The assumptions impacting the valuation of the liability include discount rates, rate of price inflation, and life expectancy.

In response, I considered the risks that the assumptions, data and method used in the calculation of the gross liability and net defined pension asset, and the associated disclosures, may not be appropriate or in accordance with the financial reporting framework, represented significant risks of material misstatement in respect the pension estimate.

How the scope of my audit responded to the risk

I have documented and assessed the use of experts by management in arriving at the valuation of the net pension asset as at the reporting date. As part of this work, I have obtained evidence confirming that the experts used are appropriately qualified, have sufficient capability and competence to perform this work to a sufficient standard and follow an appropriate methodology. I have confirmed that management's experts have used assumptions that fall within industry standard ranges.

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I have also assessed the governance arrangements between the employer and the scheme administrator, including gaining an understanding of the process in place for setting assumptions in year and the actuarial roll-forward methodology used by the actuary. I have used external pensions experts to support my review of the selection and application of the methods used and to challenge the appropriateness of assumptions adopted by management to confirm that this estimate is reasonable and has been adequately disclosed within the financial statements.

I have agreed the valuation of the Scheme assets to returns provided by the Investment Managers and have confirmed the robustness of these valuations through my own independent review of asset pricing. I have considered whether the notional asset share determined at the date of the last triennial valuation remains appropriate.

I have considered whether it is appropriate for management to recognise a net pension asset and the application of IFRIC Interpretation 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”. I have also confirmed the appropriate disclosures are in place, including those explaining the level of estimation uncertainty within this estimate.

Key observations

I did not identify any errors in relation to the defined benefit pension scheme and I am content that the net pension asset as at 31 March 2024, and related movements during the year, have been appropriately recognised within the financial statements. I am content that the disclosures in this area, including in relation to estimation uncertainty, are appropriate.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

Financial and Capital Commitments

Description of risk

The Sovereign Grant financial statements disclose material capital commitments and financial commitments in respect of the Buckingham Palace Reservicing Programme (£28.8 million, 2022-23: £58.4 million) and Core Sovereign Grant activities (£71.5 million, 2022-23: £83.6 million). There is public interest in the Buckingham Palace Reservicing Programme and in turn the reported reservicing commitments figure. I considered there was a risk that the disclosed commitments are inaccurate or do not represent valid commitments at the period end.

How the scope of my audit responded to the risk

I have inspected the design and implementation of controls over the disclosure of amounts in respect of financial and capital commitments. I have not relied on these controls.

I have performed a substantive test of detail for financial and capital commitments and confirmed each of the commitments to sufficient and appropriate evidence. I confirmed whether the commitment was authorised or contracted, the value of the commitment and whether the allocation of committed expenditure over time had been determined and disclosed appropriately.

I also performed procedures to confirm that the listing of identified capital and financial commitments is materially complete.

Key observations

Based on the evidence received, I have concluded that no material error exists and I am content that the financial and capital commitments disclosure is materially accurate.

APPLICATION OF MATERIALITY

MATERIALITY

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the financial statements as a whole as follows:

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

| | Sovereign Grant and Sovereign Grant Reserve |
|--|--|
| Materiality | £863,000 |
| Basis for determining materiality | 1% of the 2023-24 Sovereign Grant funding of £86.3 million (2022-23: 1% of the 2021-22 Sovereign Grant funding of £86.3 million). |
| Rationale for the benchmark applied | I consider the level of funding provided through the Sovereign Grant to be the area of principal interest for users of the financial statements. |

PERFORMANCE MATERIALITY

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2023-24 audit (2022-23: 70%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

OTHER MATERIALITY CONSIDERATIONS

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

ERROR REPORTING THRESHOLD

I agreed with the Audit and Risk Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £9,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Assurance Committee have decreased net expenditure and increased net assets by £49,000.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

AUDIT SCOPE

The scope of my audit was determined by obtaining an understanding of the Royal Household and its environment, including entity-wide controls, and assessing the risks of material misstatement in so far as these relate to the Sovereign Grant and Sovereign Grant Reserve.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Sovereign Grant Act 2011.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Sovereign Grant Act 2011; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Royal Household, Sovereign Grant and the Sovereign Grant Reserve and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Keeper of the Privy Purse and the Royal Trustees or returns adequate for my audit have not been received from branches not visited by my staff; or

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require me to review the Lord Chamberlain's Committee's statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Royal Household's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- the Lord Chamberlain's Committee's statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 37;
- the Lord Chamberlain's Committee's explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 37;
- the Keeper of the Privy Purse's statement on fair, balanced and understandable set out on page 68;
- the confirmation from the Lord Chamberlain's Committee and Keeper of the Privy Purse that a robust assessment of the emerging and principal risks has been carried out as set out on page 39;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 47 to 53 and page 56; and
- the section describing the work of the Audit and Risk Assurance Committee set out on pages 43 to 44.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of the Keeper of the Privy Purse's Financial Responsibilities, the Keeper of the Privy Purse is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Royal Household from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Sovereign Grant Act 2011;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Sovereign Grant Act 2011; and
- assessing the Sovereign Grant and Sovereign Grant Reserve's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Keeper of the Privy Purse anticipates that the services provided by the Sovereign Grant and Sovereign Grant Reserve will not continue to be provided in the future.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the Sovereign Grant Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING NON-COMPLIANCE WITH LAWS AND REGULATIONS INCLUDING FRAUD

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO NON- COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING FRAUD

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Sovereign Grant and Sovereign Grant Reserve's accounting policies;
- inquired of management, the Head of Audit Services and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Household's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Royal Household's controls relating to compliance with the Sovereign Grant Act 2011, Managing Public Money and the Framework Agreement between the Royal Household and HM Treasury relating to the Sovereign Grant;
- inquired of management, the Head of Audit Services and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Royal Household for fraud in respect of the Sovereign Grant and the Sovereign Grant Reserve and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and transactions which are unusual or outside the normal course of business. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

I obtained an understanding of the Royal Household's framework of authority in respect of the Sovereign Grant and Sovereign Grant Reserve and other legal and regulatory frameworks in which the Royal Household operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations funded by the Sovereign Grant and Sovereign Grant Reserve. The key laws and regulations I considered in this context included the Sovereign Grant Act 2011, Managing Public Money, the Framework Agreement between the Royal Household and HM Treasury relating to the Sovereign Grant, employment law, pensions legislation, tax legislation, and health and safety legislation.

I reviewed key financial information including the general ledger and bank statements, and utilised analytical procedures to identify any unusual or unexpected relationships and transactions.

AUDIT RESPONSE TO IDENTIFIED RISK

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Lord Chamberlain's Committee and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias, including the defined benefit pensions liability and accruals for Buckingham Palace Reservicing and the Annual Works Programme; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I addressed the risk of fraud in revenue recognition through verification that recharged income and the Facilities Management Charge has been calculated appropriately to address the risk of error and management bias within both these areas; and
- I confirmed that the Sovereign Grant received in 2023-24 had been calculated correctly in accordance with the Sovereign Grant Act 2011.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE ROYAL TRUSTEES

OTHER AUDITOR'S RESPONSIBILITIES

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

REPORT

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

18 July 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND EXPENDITURE

| <i>Year to 31 March</i> | | Core | Reservicing | 2024 | 2023 |
|--|-------|---------------|--------------------|----------------|-------------|
| | Note | £m | £m | £m | £m |
| Funding receivable¹: | | | | | |
| Grant | | 51.8 | 34.5 | 86.3 | 86.3 |
| Income | | | | | |
| Property rental income | | 3.8 | - | 3.8 | 3.6 |
| Facilities management charges | | 8.8 | - | 8.8 | 0.5 |
| Recharges and other income | | 7.1 | 0.1 | 7.2 | 5.7 |
| | | 19.7 | 0.1 | 19.8 | 9.8 |
| Expenditure | | | | | |
| Payroll costs | 4 | (25.8) | (2.1) | (27.9) | (27.1) |
| Other staff costs | 4 | (2.7) | (1.3) | (4.0) | (5.0) |
| Property maintenance | | (16.6) | (30.4) | (47.0) | (57.8) |
| Travel | | (4.2) | - | (4.2) | (3.9) |
| Utilities | | (5.7) | - | (5.7) | (4.5) |
| Housekeeping and hospitality | | (2.6) | - | (2.6) | (2.4) |
| Digital services | | (4.0) | (0.3) | (4.3) | (4.0) |
| Depreciation & amortisation | 6,7,8 | (2.9) | (1.5) | (4.4) | (4.3) |
| Other expenditure | 3 | (8.1) | (0.7) | (8.8) | (8.3) |
| | | (72.6) | (36.3) | (108.9) | (117.3) |
| Total net expenditure | | (52.9) | (36.2) | (89.1) | (107.5) |
| Sovereign Grant funding less net expenditure transferred from Sovereign Grant Reserve | | (1.1) | (1.7) | (2.8) | (21.2) |

¹ In accordance with the Accounts Direction issued by HM Treasury (See Appendix 3 page 128), funding received in respect of the Sovereign Grant (and any draw down from the Sovereign Grant Reserve) is recognised in the Statement of Income and Expenditure in the year.

FINANCIAL STATEMENTS

The accounting policies are summarised on pages 90 to 98. The Statement of Income and Expenditure presented under Section 2 of the Sovereign Grant Act 2011 should be read in conjunction with the Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Reserves on pages 84 to 89. The notes on pages 90 to 125 form part of these accounts. The results shown above relate to continuing activities.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

| <i>Year to 31 March</i> | Note | Core £m | Reservicing £m | 2024 £m | 2023 £m |
|---|------|------------|-------------------|------------|------------|
| Sovereign Grant funding less net expenditure after transfer of (deficit)/surplus (from)/to Sovereign Grant Reserve | | - | - | - | - |
| Actuarial loss for the year (Royal Households Group Pension Scheme) | 15 | (0.3) | - | (0.3) | (1.0) |
| Total recognised losses relating to the year | | (0.3) | - | (0.3) | (1.0) |

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 March

| | Note | 2024 £m | 2023 £m |
|--|------|---------------|---------------|
| Non-current assets | | | |
| Property, plant and equipment | 6 | 29.1 | 28.6 |
| Right-of-use assets | 7 | 1.1 | 1.9 |
| Intangible assets | 8 | - | - |
| Total non-current assets | | 30.2 | 30.5 |
| Current assets | | | |
| Inventories and current assets | 9 | 1.0 | 0.4 |
| Trade and other receivables | 10 | 5.9 | 4.8 |
| Cash and cash equivalents | 11 | 15.6 | 24.0 |
| Total current assets | | 22.5 | 29.2 |
| Total assets | | 52.7 | 59.7 |
| Current liabilities | | | |
| Trade and other payables | 12 | (13.8) | (16.9) |
| Lease liabilities | 13 | (0.6) | (0.8) |
| Total current liabilities | | (14.4) | (17.7) |
| Non-current liabilities | | | |
| Lease liabilities | 13 | (0.5) | (1.1) |
| Net assets excluding pension scheme asset | | 37.8 | 40.9 |
| Defined benefit pension scheme asset | 15 | 0.5 | 0.5 |
| Net assets | | 38.3 | 41.4 |
| Reserves | | | |
| Non-current assets reserve | | 29.9 | 28.4 |
| Other retained reserve | | 2.4 | 2.4 |
| Sovereign Grant reserve | | 5.5 | 10.1 |
| Pension scheme reserve | | 0.5 | 0.5 |
| Total reserves | | 38.3 | 41.4 |

Michael Stevens

Sir Michael Stevens
Keeper of the Privy Purse
16 July 2024

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

| <i>Year to 31 March</i> | | 2024 | 2024 | 2023 | 2023 |
|---|-------|-------|--------|-------|---------|
| | Note | £m | £m | £m | £m |
| Reconciliation of total net expenditure to funding | | | | | |
| Total net expenditure | | | (89.1) | | (107.5) |
| Retirement benefits adjustment | 15 | (0.3) | | (0.2) | |
| Depreciation and amortisation | 6,7,8 | 4.4 | | 4.3 | |
| Decrease/(increase) in inventories | 9 | (0.6) | | - | |
| Decrease/(increase) in receivables | 10 | (1.1) | | (1.1) | |
| (Decrease)/increase in payables | 12 | (3.1) | | 0.9 | |
| Disposal of assets | 6,7,8 | - | | 0.6 | |
| Adjustment for non-cash non-current asset transfer | 6,8 | 0.2 | | 0.6 | |
| | | | (0.5) | | 5.1 |
| Net cash outflow from operating activities | | | (89.6) | | (102.4) |
| Cash flows from investing activities | | | | | |
| Capital expenditure | 6 | (4.3) | | (4.1) | |
| Net cash outflow from investing activities | | | (4.3) | | (4.1) |
| Net cash outflow before funding | | | (93.9) | | (106.5) |
| Cash flows from financing activities | | | | | |
| Grant funding received | | 86.3 | | 86.3 | |
| Payment of lease liabilities | 13 | (0.8) | | (0.9) | |
| Net cash inflow from financing activities | | | 85.5 | | 85.4 |
| Net (decrease)/increase in cash and cash equivalents | 11 | | (8.4) | | (21.1) |
| Reconciliation of cash and cash equivalents | | | 2024 | | 2023 |
| | | | £m | | £m |
| As at 1 April | | | 24.0 | | 45.1 |
| Net (decrease)/increase | | | (8.4) | | (21.1) |
| As at 31 March | | | 15.6 | | 24.0 |

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN RESERVES

| | Non-current assets reserve | Other retained reserve | Sovereign Grant reserve | Pension scheme reserve | Total reserves |
|---|-----------------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------------|
| | £m | £m | £m | £m | £m |
| As at 31 March 2023 | 28.4 | 2.4 | 10.1 | 0.5 | 41.4 |
| Actuarial loss on RH Group Pension Scheme | - | - | - | (0.3) | (0.3) |
| Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve | - | - | (2.8) | - | (2.8) |
| Transfer (to)/from pension scheme reserve | - | - | (0.3) | 0.3 | - |
| Transfer from/(to) non-current assets reserve | 1.5 | - | (1.5) | - | - |
| As at 31 March 2024 | 29.9 | 2.4 | 5.5 | 0.5 | 38.3 |

| | Non-current assets reserve | Other retained reserve | Sovereign Grant reserve | Pension scheme reserve | Total reserves |
|---|-----------------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------------|
| | £m | £m | £m | £m | £m |
| As at 1 April 2022 | 29.1 | 2.4 | 30.8 | 1.3 | 63.6 |
| Actuarial loss on RH Group Pension Scheme | - | - | - | (1.0) | (1.0) |
| Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve | - | - | (21.2) | - | (21.2) |
| Transfer (to)/from pension scheme reserve | - | - | (0.2) | 0.2 | - |
| Transfer from/(to) non-current assets reserve | (0.7) | - | 0.7 | - | - |
| As at 31 March 2023 | 28.4 | 2.4 | 10.1 | 0.5 | 41.4 |

FINANCIAL STATEMENTS

SOVEREIGN GRANT RESERVE

| | Core £m | Reservicing £m | 2024 £m | 2023 £m |
|---|--------------------|---------------------------|--------------------|--------------------|
| Balance brought forward | 10.9 | (0.8) | 10.1 | 30.8 |
| Transfer to/(from) reserve | (1.1) | (1.7) | (2.8) | (21.2) |
| Transfer (to)/from pension scheme reserve | (0.3) | - | (0.3) | (0.2) |
| Transfer from/(to) non-current assets reserve | 0.7 | (2.2) | (1.5) | 0.7 |
| Balance carried forward | 10.2 | (4.7) | 5.5 | 10.1 |

In 2023-24 expenditure in respect of Reservicing exceeded available funding by £3.9 million, including capital expenditure, therefore this has been temporarily funded out of the Core Sovereign Grant Reserve in order to maintain momentum on the programme, increasing the total funding from the Core Sovereign Grant Reserve to £4.7 million (2022-23 £0.8 million).

The Sovereign Grant Act 2011 provides that a capped reserve fund managed by the Royal Trustees, the Sovereign Grant Reserve, will be established to hold unused funds from the Sovereign Grant. This statement is presented under Section 4 of the Sovereign Grant Act 2011.

If the amount of the Sovereign Grant for a financial year exceeds the audited net relevant expenditure for that year, the surplus will be paid into the Reserve, which may be drawn down in future years as required, with agreement by the Royal Trustees. To ensure that the Grant remains at an appropriate level, if the Reserve exceeds 50% of the Sovereign Grant used in that year, the Royal Trustees may specify a lower future grant amount than would otherwise have been implied by the formula included in the Sovereign Grant Act 2011. This would be done in a way which they expect will result in the adjusted value of the Reserve Fund being about 50% of the audited net relevant expenditure at the end of the year for which the Grant is being calculated. The Reserve at 31 March 2024 is 6% of the audited net relevant expenditure for 2023-24 and based on planned expenditure in 2024-25, the expected Reserve at 31 March 2025 is not expected to meet the criteria for a potential reduction in the future grant.

The Sovereign Grant Reserve is held by the Exchequer in accordance with the Framework Agreement with HM Treasury relating to the Sovereign Grant, a copy of which is available on the Monarchy website at www.royal.uk.

Michael Stevens

Sir Michael Stevens
Keeper of the Privy Purse
16 July 2024

FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

1. Accounting Policies

a) Basis of preparation

The accounts are prepared in accordance with the Accounts Direction given by HM Treasury as set out in Appendix 3 (pages 129 to 131) and the 2023-24 Government Financial Reporting Manual (“FReM”).

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances for the purpose of giving a true and fair view of the Sovereign Grant has been selected. The accounting policies have been applied consistently in dealing with items that are considered material to the accounts.

Under the FReM, the continued provision of service assumption applies to the going concern assessment of the Sovereign Grant and Sovereign Grant Reserve. Further commentary on the assessment of the adequacy of the Sovereign Grant to enable The King to continue to undertake His Official Duties for the foreseeable future is included on page 37 of the Annual Report.

b) Income

The Sovereign Grant – This is recognised annually on a receivable basis, under the terms of the Sovereign Grant Act 2011. The Sovereign Grant Act 2011 states that if the Grant proves greater than required in a given year, the surplus will be paid into a capped reserve fund, the Sovereign Grant Reserve, managed by the Royal Trustees, which may be drawn down in future years as required. In accordance with the Accounts Direction issued by HM Treasury (See Appendix 3 page 129), funding received in respect of the Sovereign Grant (and any draw down from the Sovereign Grant Reserve) is recognised in the Statement of Income and Expenditure in the year in which it is receivable. The Grant is drawn down on a monthly basis over the course of the financial year.

Facilities management charges – Amounts due from The Royal Collection Trust to the Sovereign Grant in respect of services provided in connection with admitting the public to Windsor Castle and Buckingham Palace are recognised in the Statement of Income and Expenditure over the course of the year in which they are earned, when the performance obligations under the contract are complete. During the year, the contract was amended to update the basis for this facilities management charge, effective from 1 April 2023. Payment in respect of Buckingham Palace is typically received in the Winter of the financial year in which it was earned, and is the higher of i) a fixed sum payable per day for the number of days Buckingham Palace is open to the general public for paid admission (adjusted for inflation year

FINANCIAL STATEMENTS

on year) or ii) a fixed percentage of admissions income. Prior to this agreement management charges were based upon the days open to the public. Payment in respect of Windsor Castle, is typically received in the financial year in which it was earned, and is the higher of i) a calculation considering inflation and visitor number trends and ii) a fixed percentage of admissions income. Prior to this agreement management charges were based on inflation and trends in visitor numbers.

Rental income – Rental income for the provision of property to tenants is recognised and received monthly on a straight-line basis over the term of the agreement.

All **other income** is accounted for in the Statement of Income and Expenditure in the year in which it is earned, when performance obligations are complete. Charges for Sovereign Grant internally supplied services such as Digital Services and Human Resources are billed at regular intervals throughout the year as the service is provided. Expenditure recharged for supplies made by a third party are billed once invoices are received and are recognised alongside support costs once the event has taken place.

Any income received in advance of performance is recorded as deferred income in the Statement of Financial Position.

c) Property, plant and equipment

Expenditure of £5,000 or more (net of recharges) on property, plant and equipment is capitalised where it is expected to bring benefit over future years. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

Property, plant and equipment are reviewed annually for impairment and are carried at cost less any accumulated depreciation and accumulated impairment losses, in accordance with the Sovereign Grant Accounts Direction disclosure requirements (Appendix 3: schedule 1 (8b)).

Assets held in right of the Crown are not capitalised within these accounts although expenses relating to their use and maintenance are recognised in the Statement of Income and Expenditure.

Heritage Assets

- Land and Buildings

The Sovereign Grant is used to maintain the land and buildings that are held by The King in trust for the Nation and under the Crown Lands Act 1702 cannot be sold. Owing to the incomparable nature of these properties, it is considered that conventional valuation techniques lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the users of the accounts. As a result, no value is reported for these assets in the Statement of Financial Position.

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- Expenditure on Major Restoration

The cost of associated major repairs is charged in the Statement of Income and Expenditure in the year in which it is incurred. This includes costs relating to the infrastructure such as electrical and data cabling and pipework associated with heating and drainage systems which are deemed to be part of the fabric of the building.

Where improvements are made to the buildings that are deemed to be on separately identifiable items of plant and equipment they are capitalised respectively as plant and machinery or property improvements within Non-current assets.

- Further information on heritage assets is given in Note 5 to the accounts.

Expenditure on New Buildings

The cost of construction is capitalised as buildings within Non-current assets, held at historical cost and depreciated over 30 years.

Where the cost of constructing a new building is funded by The Royal Collection Trust for shared use with activities funded by the Sovereign Grant, the proportion of the cost attributable to the Sovereign Grant funded activities is capitalised.

Depreciation

Depreciation is charged on a straight-line basis starting in the month following that of capitalisation, at the following rates:

Property Improvements and Infrastructure

- | | |
|---|-------------|
| • Automatic fire detection | 10 years |
| • Fire compartmentation | 30 years |
| • General building improvements | 10-30 years |
| • Refurbishments (commercial lettings only) | 7 years |
| • Water mains | 30 years |

Furnishings and Equipment

- | | |
|-------------------|----------------|
| • Furnishings | 10 to 20 years |
| • Other equipment | 3 to 10 years |

Plant and Machinery

- | | |
|------------------------------------|--------------|
| • Electrical plant | 10 years |
| • Information technology equipment | 3 to 5 years |
| • Helicopter operation equipment | 5 years |

FINANCIAL STATEMENTS

| | |
|-------------------------|---------------|
| • Horses | 12 years |
| • Lifts | 20 years |
| • Motor vehicles | 3 to 10 years |
| • Small plant and tools | 3 to 10 years |

Assets in the course of construction are carried at accumulated cost. Depreciation does not commence until the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

d) Leases

As a lessee

At the commencement of a lease (or the IFRS 16 transition date, if later), the Sovereign Grant assesses whether a contract is, or contains a lease and recognises a right-of-use asset and lease liability as appropriate. A contract is, or contains, a lease if the contract conveys the rights to control the use of an identified asset. This assessment of the contract includes whether it is reasonably certain to exercise break options or extension options at the lease commencement date.

This policy is applied to contracts entered into or changed, on or after 1 April 2022. As mandated by the FReM the Sovereign Grant has utilised the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application.

The FReM further requires the Sovereign Grant not to recognise right-of-use assets and liabilities for the following leases:

- Leases with a lease term of 12 months or less.
- Low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment).

The Sovereign Grant has elected to utilise the practical expedient not to recognise right-of-use of assets and lease liabilities for intangible assets.

At inception or on reassessment of a contract that contains a lease component, the Sovereign Grant allocates the consideration to each lease component as identified in the contract.

Payments made under non-cancellable leases are recognised in the Statement of Financial Position, as a lease liability equal to the net present value of future payments for the remaining lease term excluding VAT. The lease payments are discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury. Incremental borrowing rates ranging from 0.95% to 2.26% have been deemed appropriate for use in calculations for all leased assets. The lease liability will be reduced as payments are incurred, with the associated interest being charged as Finance costs to the Statement of Comprehensive Net Expenditure.

FINANCIAL STATEMENTS

The lease payment is re-measured if the Sovereign Grant changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset or recorded in the Statement of Income and Expenditure, if the carrying amount of the right-of-use asset is nil.

Corresponding right-of-use assets recognised in the Statement of Financial Position, represent the value of assets held under non-cancellable leases of more than 12 months. These are valued at cost, being the amount of the lease liability adjusted for the initial direct costs, prepayments or incentives and depreciated in line with the property, plant and equipment capitalisation policy.

The Sovereign Grant applies IAS 36 Impairment of assets to determine whether right-of-use assets are impaired and to account for any impairment loss identified.

As a lessor

The Sovereign Grant has determined at lease inception, that all lessor arrangements are operating leases and recognise rental income on a straight line basis over the length of the lease term.

e) Intangible assets

Intangible assets comprise computer software costing over £5,000 that is not integral to any associated hardware. Sovereign Grant intangible assets mainly relate to licences for the right-of-use software and are recognised at the point the licenses are delivered and the Sovereign Grant can benefit from them. Intangible assets are amortised on a straight-line basis over a 3 to 5 year basis. Intangible assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Internally generated intangible assets

Internally generated intangible assets, including internally generated software, that do not qualify for recognition as an intangible asset under IAS 38 are recognised as an expense in the year in which the expenditure is incurred.

Cloud computing services

Cloud computing service purchases from a third party service provider (which may include the licences for the use of software) are not capitalised as the Sovereign Grant has no legal title to, or rights to control, the underlying assets associated with the services. Associated implementation costs, such as customisation, configuration or training services, which enable the Sovereign Grant to benefit from the cloud computing service are assessed separately to determine whether any legal title or right to control is held by the Sovereign Grant. Where the criteria is not met these costs are charged to the Statement of Income and Expenditure.

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f) Inventories

Inventories comprise mainly of goods purchased for use in the Reservicing Programme and wines and spirits for hospitality events of the Palaces. Inventories are held at the lower of cost and net realisable value cost. The value of wines and spirits is calculated using the average cost method.

g) Financial Instruments

When financial instruments are recognised initially, they are measured at fair value at the inception of the contract.

- Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts based upon an assessment of expected credit loss over the lifetime of the debt. As at 31 March 2024 no significant provision for credit losses is required.

- Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand. Most cash is held with the Government Banking Service and the credit risk is therefore assessed as low. As the Sovereign Grant of £86.3 million is guaranteed for the year ended 31 March 2025, there is deemed sufficient liquid resources to cover amounts due within one year. The grant income is supplemented through income generated through other activity.

- Trade and other payables

Trade and other payables are recognised at the invoiced amount and are subsequently measured at amortised cost.

The carrying values of the above financial instruments are disclosed in the Statement of Financial Position.

h) Pensions

- The Royal Household participates in two pension schemes providing benefits based on final pensionable pay, the Royal Household Pension Scheme and the Royal Households Group Pension Scheme. The assets of the schemes are held separately from those of the Sovereign Grant. Contributions to the schemes are charged to the Statement of Income and Expenditure to reflect the cost of benefits accruing to members so as to spread pension costs over employees' working lives with the Royal Household.

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- One of these pension schemes, the Royal Household Pension Scheme, is managed by the Government and the benefits of the scheme are broadly by-analogy to the benefits of the Principal Civil Service Pension Scheme (PCSPS). It is an unfunded scheme and the Consolidated Fund pays as a Standing Service the pension benefits of those Royal Household employees who entered employment before 1 April 2001. The liabilities for this scheme are disclosed in the Consolidated Fund Account. The Royal Household is unable to identify the share of the underlying assets and liabilities of the scheme attributable to employees funded by the Sovereign Grant (or its equivalent in previous years) on a consistent and reasonable basis and therefore as permitted by IAS 19: Employee Benefits, this scheme is treated as a defined contribution scheme by the Royal Household and the full cost of contributions made in the year is reflected in the Statement of Income and Expenditure.
- IAS 19: Employee Benefits is also applicable to the second scheme, the Royal Households Group Pension Scheme and accordingly the Statement of Income and Expenditure includes the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time. The actuarial gain/(loss) recognised in the pension scheme for the year is shown within the Statement of Comprehensive Income and Expenditure and the Statement of Financial Position includes the asset or liability in the pension scheme, taking the assets at their year-end bid-values and liabilities at their actuarially calculated discounted values. This scheme was closed to future service accrual from 1 April 2021. From this date members were enrolled in the defined contribution scheme unless they chose to opt-out.
- The Royal Household also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Sovereign Grant in an independently administered fund. The amount charged to the Statement of Income and Expenditure represents the contributions payable to the scheme in respect of the year.

Further details of the pension schemes are provided in Note 15 to these accounts.

i) Other employee benefits

Other short-term employee benefits comprise holiday pay, which is recognised as an expense over the period in which it accrues.

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j) Reserves

The Non-current assets and Other retained Reserves represent funds utilised to fund the acquisition of property, plant and equipment and inventories and which have not been included in the Statement of Income and Expenditure. The acquisition of non-current assets is matched by an equivalent credit from the Sovereign Grant Reserve to the Non-current assets reserve. Depreciation charged over the life of non-current assets is matched by an equivalent credit from the Non-current assets reserve to the Sovereign Grant Reserve.

The Pension scheme reserve represents the amount of the Royal Households Group Pension scheme asset or deficit at the year end. If there is a pension scheme deficit, this will need to be settled from the Sovereign Grant Reserve or future Sovereign Grant funding over time.

The Sovereign Grant Reserve represents unused funds from the Sovereign Grant.

k) Key changes to accounting policies

Changes to accounting standards not yet effective

IFRS 17: Insurance Contracts applies to FReM compliant entities from 2025-26. The new standard sets clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts. It is not expected to have an impact on the Sovereign Grant Annual Report.

l) Significant judgements, key assumptions and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the Keeper of the Privy Purse to exercise judgement in applying the Sovereign Grant accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the accounts are disclosed below:

Property, major project accruals

The accruals for work completed on projects in the property annual works programme but not yet billed are calculated on the basis of an estimate of the proportion of the project that has been completed. This proportion is provided by the Royal Household's property management team. Annual works programme accruals at 31 March 2024 were £1.3 million (2022-23: £1.0 million).

Buckingham Palace Reservicing Programme accruals

Similarly, the accruals for work completed on the Reservicing Programme but not yet billed are calculated on the basis of an estimate of the proportion of the project that has been completed. This proportion is provided by the Buckingham Palace Reservicing Programme Management Office programme managers. Buckingham Palace Reservicing Programme accruals at 31 March 2024 are £4.1 million (2022-23: £6.5 million).

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Buckingham Palace Legacy Costs

As a result of the Buckingham Palace Reservicing Programme, incidents of historic damage to the Palace have been identified and repaired. As this work is outside of the scope of the programme, a policy was agreed during 2023-24 for any separately identifiable costs relating to these repairs to be recharged to the Core Sovereign Grant. Refer to notes 2 and 17 for further details.

Lease term

At lease commencement, the Sovereign Grant makes a decision as to whether it is reasonably certain to be exercising break clauses or extension options. Where leases exist on a roll forward basis, an estimate of the period of continued use is made. These estimates determine the length of the lease term impacting the lease liabilities and right-of-use assets. This is reviewed if there is a significant event or significant change of circumstances.

Post-retirement benefits

The pension costs and obligations of the Royal Households Group Pension Scheme are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities. More details on the assumptions used are given in Note 15.

2. Segmental Analysis

All material revenues are derived from the United Kingdom. All operations funded by the Sovereign Grant are based in the UK and are conducted by four departments of the Royal Household. The departments are: Private Secretary's Office ("PSO"), Privy Purse and Treasurer's Office ("PPTO"), Master of the Household's Department ("MOH") Lord Chamberlain's Office ("LCO") and Buckingham Palace Reservicing Programme ("BPR"). The operations of these four departments are monitored by the Lord Chamberlain's Committee which makes decisions as to the allocation of funds to each department's activities.

In addition, the Lord Chamberlain's Committee separately monitors the activities of the Buckingham Palace Reservicing Programme and associated expenditure.

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| <i>Year to 31 March 2024</i> | PSO | PPTO | MOH | LCO | BPR | Total |
|--|--------------|---------------|--------------|--------------|---------------|----------------------|
| | £m | £m | £m | £m | £m | £m |
| Facilities management charges | - | 8.8 | - | - | - | 8.8 |
| Recharges and other income | 0.2 | 9.4 | 1.0 | 0.3 | 0.1 | 11.0 |
| Salaries and other staff costs (Note 4) | (5.7) | (11.7) | (7.5) | (3.6) | (3.4) | (31.9) |
| Property expenditure | - | (22.3) | - | - | (30.4) | (52.7) |
| Travel | - | (4.0) | - | (0.2) | - | (4.2) |
| Digital services | - | (4.0) | - | - | (0.3) | (4.3) |
| Depreciation (Notes 6,7,8) | - | (2.8) | - | (0.1) | (1.5) | (4.4) |
| Other | (1.9) | (4.3) | (3.1) | (1.4) | (0.7) | (11.4) |
| Total net expenditure | <u>(7.4)</u> | <u>(30.9)</u> | <u>(9.6)</u> | <u>(5.0)</u> | <u>(36.2)</u> | <u>(89.1)</u> |

Property expenditure includes utility spend, other costs include housekeeping and hospitality; these are shown separately on the Statement of Income and Expenditure.

In 2023-24, ongoing works undertaken within the Buckingham Palace Reservicing programme to address incidents of historic damage to Buckingham Palace, such as basement trenches and asbestos removal, were deemed to be in scope of the Core expenditure and as such separately identifiable costs were transferred to the sum of £2.2m (of which £0.4m costs were incurred in 2023-24 and £1.8m related to costs pre 2023-24).

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| <i>Year to 31 March 2023</i> | PSO | PPTO | MOH | LCO | BPR | Total |
|--|--------------|---------------|--------------|--------------|---------------|----------------|
| | £m | £m | £m | £m | £m | £m |
| Facilities management charges | - | 0.5 | - | - | - | 0.5 |
| Recharges and other income | 0.3 | 7.8 | 1.0 | 0.2 | - | 9.3 |
| Salaries and other staff costs (Note 4) | (5.3) | (11.3) | (7.2) | (4.5) | (3.8) | (32.1) |
| Property expenditure | - | (19.3) | - | - | (43.0) | (62.3) |
| Travel | - | (3.8) | - | (0.1) | - | (3.9) |
| Digital services | - | (3.6) | - | - | (0.4) | (4.0) |
| Depreciation (Notes 6,7,8) | - | (2.7) | (0.1) | (0.1) | (1.4) | (4.3) |
| Other | (1.8) | (4.4) | (2.8) | (1.3) | (0.4) | (10.7) |
| Total net expenditure | (6.8) | (36.8) | (9.1) | (5.8) | (49.0) | (107.5) |

3. Other Expenditure

| | 2024 Core £m | 2024 BPR £m | 2024 Total £m | 2023 Total £m |
|---|-----------------------------|----------------------------|------------------------------|------------------------------|
| Equipment purchase and hire | 1.2 | - | 1.2 | 1.3 |
| Insurance, legal advice and other professional services | 3.7 | 0.2 | 3.9 | 4.2 |
| Printing, postage and stationery | 1.3 | - | 1.3 | 1.2 |
| Other | 1.9 | 0.5 | 2.4 | 1.6 |
| | 8.1 | 0.7 | 8.8 | 8.3 |

Auditors' remuneration of £140,000 was charged for the year by the National Audit Office (2022-23: £131,000). There were no non-audit fees paid to the auditors (2022-23: nil).

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4. Staff Numbers and Costs

Staff Numbers

The *average* number of full-time equivalent (FTE) staff paid from the Sovereign Grant during the year to 31 March was:

| | 2024 | 2023 |
|--------------------------------------|------------|------------|
| Lord Chamberlain | 3 | 2 |
| Private Secretary's Office | 85 | 78 |
| Privy Purse and Treasurer's Office | 174 | 168 |
| Master of the Household's Department | 177 | 178 |
| Lord Chamberlain's Office | 57 | 61 |
| | 496 | 487 |
| Buckingham Palace Reservicing | 27 | 30 |
| | 523 | 517 |

This excludes the element of staff time paid for from any other sources of income. Where staff work part-time, they are recorded according to the proportion of their time devoted to and paid by, the Sovereign Grant. 15 staff were on fixed term contracts (2022-23: 19).

The total cost of Royal Household employees (including members of the Lord Chamberlain's Committee) paid from the Sovereign Grant during the year to 31 March was as follows:

Payroll Costs

| | Core | BPR | 2024 | 2023 |
|-----------------------|-------------|------------|-------------|-------------|
| | £m | £m | £m | £m |
| Salaries | 20.5 | 1.6 | 22.1 | 21.4 |
| Temporary staff | 0.2 | 0.1 | 0.3 | 0.4 |
| National insurance | 2.1 | 0.2 | 2.3 | 2.3 |
| Pension contributions | 3.0 | 0.2 | 3.2 | 3.0 |
| | 25.8 | 2.1 | 27.9 | 27.1 |

Further staff-related disclosure and details of the remuneration of members of the Lord Chamberlain's Committee can be found in the Remuneration and Staff Report on pages 59 - 66.

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Other Staff Costs

| | Core | BPR | 2024 | 2023 |
|---|------------|------------|------------|------------|
| | £m | £m | £m | £m |
| Agency staff | 1.2 | 1.3 | 2.5 | 3.0 |
| Other (including staff travel, training, recruitment) | 1.5 | - | 1.5 | 2.0 |
| | <u>2.7</u> | <u>1.3</u> | <u>4.0</u> | <u>5.0</u> |

5. Heritage Assets not recognised in the Balance Sheet

The Sovereign Grant is used to maintain the following properties, collectively referred to as the Estate, for the benefit of future generations:

- Buckingham Palace;
- St James's Palace, Clarence House and Marlborough House Mews;
- The residential and office areas of Kensington Palace;
- The Royal Mews and Royal Paddocks at Hampton Court; and
- Windsor Castle and buildings in the Home and Great Parks at Windsor.

The land and buildings are held in right of the Crown under the Crown Lands Act 1702 and cannot be sold. The statutory duties of the Secretary of State for Culture, Media and Sport under section 21 of the Crown Lands Act 1851 are suspended under section 11 of the Sovereign Grant Act 2011, however, the Department for Culture, Media and Sport retains an interest in ensuring that the Sovereign Grant is being used by the Royal Household to properly maintain the Occupied Royal Palaces. The Estate is used by the Sovereign in fulfilling the role and functions of Head of State and by other members of the Royal Family in support of The King.

The Royal Household aims to maintain the Estate in as good a state of repair as is possible within the constraints of available funding. A system is used to record actual condition against target condition for these assets and this is used to determine the priorities for maintenance across the Estate. The ongoing cost of maintenance and upkeep is reported in the Statement of Income and Expenditure in the year in which it is incurred.

During the past year there have been no acquisitions or disposals of heritage assets.

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6. Property, Plant and Equipment

| | Property Improvements & Infrastructure £m | Furnishings & Equipment £m | Plant & Machinery £m | AIC £m | Total £m |
|-----------------------|---|-------------------------------------|----------------------------|------------|-------------|
| Cost | | | | | |
| As at 1 April 2023 | 29.3 | 2.1 | 20.9 | 3.7 | 56.0 |
| Additions | 2.9 | 1.0 | 0.3 | 0.1 | 4.3 |
| Disposals | - | (0.3) | (0.1) | - | (0.4) |
| Transfers | 2.0 | 0.4 | 0.9 | (3.3) | - |
| Reclassification | - | - | - | (0.2) | (0.2) |
| As at 31 March 2024 | 34.2 | 3.2 | 22.0 | 0.3 | 59.7 |
| Depreciation | | | | | |
| As at 1 April 2023 | 14.4 | 1.6 | 11.4 | - | 27.4 |
| Charge for the year | 1.3 | 0.1 | 2.2 | - | 3.6 |
| Disposals | - | (0.3) | (0.1) | - | (0.4) |
| Reclassification | - | - | - | - | - |
| As at 31 March 2024 | 15.7 | 1.4 | 13.5 | - | 30.6 |
| Net book value | | | | | |
| As at 31 March 2024 | 18.5 | 1.8 | 8.5 | 0.3 | 29.1 |
| As at 1 April 2023 | 14.9 | 0.5 | 9.5 | 3.7 | 28.6 |

“AIC” refers to assets in the course of construction. These assets will be transferred to the relevant category and depreciated from the date of completion.

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| | Property Improvements & Infrastructure £m | Furnishings & Equipment £m | Plant & Machinery £m | AIC £m | Total £m |
|-----------------------|---|-------------------------------------|----------------------------|------------|-------------|
| Cost | | | | | |
| As at 1 April 2022 | 29.5 | 2.2 | 20.5 | 0.8 | 53.0 |
| Additions | - | - | 0.8 | 3.3 | 4.1 |
| Disposals | (0.2) | (0.1) | (0.5) | (0.3) | (1.1) |
| Transfers | - | - | 0.1 | (0.1) | - |
| As at 31 March 2023 | 29.3 | 2.1 | 20.9 | 3.7 | 56.0 |
| Depreciation | | | | | |
| As at 1 April 2022 | 13.3 | 1.5 | 9.8 | - | 24.6 |
| Charge for the year | 1.2 | 0.1 | 2.1 | - | 3.4 |
| Disposals | (0.1) | - | (0.5) | - | (0.6) |
| As at 31 March 2023 | 14.4 | 1.6 | 11.4 | - | 27.4 |
| Net book value | | | | | |
| As at 31 March 2023 | 14.9 | 0.5 | 9.5 | 3.7 | 28.6 |
| As at 1 April 2022 | 16.2 | 0.7 | 10.7 | 0.8 | 28.4 |

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7. Right-of-use assets

Further detail on leases committed to, and/or authorised, but not commenced are provided in note 14 – other commitments.

Sovereign Grant lease contracts comprise of multiple vehicles, a helicopter and storage facilities for the Royal Train. The right-of-use asset value of vehicle (including helicopter) leases and storage lease as at 31 March 2024 is £0.5m and £0.6m respectively. The leases exceed no more than four years commitment. Leases containing non-lease components are charged to the Statement of Income and Expenditure.

| | Total £m |
|-----------------------|---------------------|
| Cost | |
| As at 1 April 2023 | 2.8 |
| Additions | - |
| Disposals | (0.1) |
| As at 31 March 2024 | <u><u>2.7</u></u> |
| Depreciation | |
| As at 1 April 2023 | 0.9 |
| Charge for the year | 0.8 |
| Disposals | (0.1) |
| As at 31 March 2024 | <u><u>1.6</u></u> |
| Net book value | |
| As at 31 March 2024 | <u><u>1.1</u></u> |
| As at 1 April 2023 | <u><u>1.9</u></u> |

| | Total £m |
|--|---------------------|
| Cost | |
| Initial recognition as at 1 April 2022 | 2.7 |
| Additions | 0.2 |
| Disposals | (0.1) |
| As at 31 March 2023 | <u><u>2.8</u></u> |
| Depreciation | |
| Charge for the year | 0.9 |
| Disposals | - |
| As at 31 March 2023 | <u><u>0.9</u></u> |
| Net book value | |
| As at 31 March 2023 | <u><u>1.9</u></u> |

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8. Intangible Assets

| | Software £m | AIC £m | Total £m |
|-----------------------|----------------|-----------|-------------|
| Cost | | | |
| As at 1 April 2023 | 0.5 | - | 0.5 |
| Additions | - | - | - |
| As at 31 March 2024 | 0.5 | - | 0.5 |
| Amortisation | | | |
| As at 1 April 2023 | 0.5 | - | 0.5 |
| Charge for the year | - | - | - |
| As at 31 March 2024 | 0.5 | - | 0.5 |
| Net book value | | | |
| As at 31 March 2024 | - | - | - |
| As at 1 April 2023 | - | - | - |

“AIC” refers to assets in the course of construction. These assets will be transferred to the relevant category and amortised from the date of completion.

| | Software £m | AIC £m | Total £m |
|------------------------|----------------|------------|-------------|
| Cost | | | |
| As at 1 April 2022 | 0.8 | 0.5 | 1.3 |
| Additions | - | - | - |
| Disposal | (0.1) | - | (0.1) |
| Transfers ¹ | (0.2) | (0.5) | (0.7) |
| As at 31 March 2023 | 0.5 | - | 0.5 |
| Amortisation | | | |
| As at 1 April 2022 | 0.6 | - | 0.6 |
| Charge for the year | - | - | - |
| Transfers | (0.1) | - | (0.1) |
| As at 31 March 2023 | 0.5 | - | 0.5 |
| Net book value | | | |
| As at 31 March 2023 | - | - | - |
| As at 1 April 2022 | 0.2 | 0.5 | 0.7 |

¹Cloud computing software both capitalised and in construction were re-assessed against IFRS 38 Intangible Assets following additional guidance released by the IFRS Interpretation Committee. As a result, the additions of such software in 2020-21 and 2021-22 were reclassified as operating costs and transferred from Intangible assets to the Statement of Income and Expenditure within Digital Services costs. Further detail of the intangible assets accounting policy can be found in note 1e.

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9. Inventories

| As at 31 March | 2024 £m | 2023 £m |
|-----------------------------------|------------|------------|
| Materials – Reservicing Programme | 0.5 | - |
| Wine and spirits | 0.3 | 0.3 |
| Other | 0.2 | 0.1 |
| | <u>1.0</u> | <u>0.4</u> |

Other Inventories comprises stocks of official gifts, stationery and food.

10. Trade and Other Receivables

| As at 31 March | 2024 £m | 2023 £m |
|---------------------------------|------------|------------|
| Recharges and other receivables | 2.2 | 2.3 |
| Prepayments and accrued income | 3.7 | 2.5 |
| Total receivables | <u>5.9</u> | <u>4.8</u> |

11. Cash and Cash Equivalents

| As at 31 March | 2024 £m | 2023 £m |
|-----------------------------------|-------------|-------------|
| Government Banking Service | 9.6 | 22.5 |
| Commercial banks and cash in hand | 6.0 | 1.5 |
| | <u>15.6</u> | <u>24.0</u> |

Cash held in the Exchequer's Government Banking Service account is the cumulative balance of the prior year's cash surplus and the current year's movement between the receipt of funding and phased expenditure.

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12. Current Liabilities: Trade and Other Payables

| As at 31 March | 2024 £m | 2023 £m |
|------------------------------|-------------|-------------|
| Trade payables | 3.5 | 3.5 |
| Rent deposits | 0.1 | 0.1 |
| Taxes and social security | 1.3 | 1.3 |
| Other payables | 1.5 | 0.8 |
| Accruals and deferred income | 7.4 | 11.2 |
| | <u>13.8</u> | <u>16.9</u> |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. It is considered that the carrying amount of trade payables approximates to their fair value.

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13. Leasing

Sovereign Grant lease contracts comprise of multiple vehicles, a helicopter and storage facilities for the Royal Train. The value of the vehicle leases and storage facilities lease as at 31 March 2024 is £0.5m and £0.6m respectively.

Further detail on leases committed to, and/or authorised, but not commenced are provided in note 14 – other commitments.

Lease liabilities

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below. The cash flows and balances are presented net of irrecoverable VAT.

| | 2024 Total £m | 2023 Total £m |
|---|---------------------|---------------------|
| Cost | | |
| Less than one year | 0.6 | 0.8 |
| Between two and five years | 0.6 | 1.2 |
| Later than five years | - | - |
| Future finance charges | (0.1) | (0.1) |
| Total undiscounted lease liabilities | <u>1.1</u> | <u>1.9</u> |
| Total Present Value of obligations | | |
| Current | 0.6 | 0.8 |
| Non-current | 0.5 | 1.1 |
| | <u>1.1</u> | <u>1.9</u> |

Amounts recognised in the Statement of Income and Expenditure

| | 2024 Total £m | 2023 Total £m |
|--------------|---------------------|---------------------|
| Depreciation | 0.8 | 0.9 |

Short term leases expenditure of £24,469 (2022-23: £23,428) is charged directly to the Statement of Income and expenditure.

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Amounts recognised in the Statement of Cash Flows

| | 2024 Total £m | 2023 Total £m |
|-------------------|---------------------|---------------------|
| Cash flows | 0.8 | 0.9 |
| Interest expense* | - | - |
| | <u>0.8</u> | <u>0.9</u> |

* Interest charges of £23,536 (2023: £37,596) were applied in year.

Receivables from tenants

The total of future minimum rentals receivable under non-cancellable agreements to occupy property across the occupied Royal Palaces Estate are receivable as follows:

| | 2024 £m | 2023 £m |
|---|------------|------------|
| Within one year | 2.9 | 3.0 |
| Later than one year and not later than five years | 0.5 | 0.6 |
| | <u>3.4</u> | <u>3.6</u> |

14. Other Commitments

The Sovereign Grant had committed to, and/or authorised, expenditure, payable as follows:

| As at 31 March | Core £m | BPR £m | 2024 £m | 2023 £m |
|--|------------|-----------|------------|------------|
| Other Staff costs – Agency cost contract | | | | |
| • Committed | - | 0.2 | 0.2 | 0.9 |
| • Authorised | - | 1.9 | 1.9 | 2.6 |
| Property Maintenance | | | | |
| • Committed | 12.8 | 16.9 | 29.7 | 36.5 |
| • Authorised | 17.7 | 7.9 | 25.6 | 32.8 |
| Capital | | | | |
| • Committed | - | 0.7 | 0.7 | 3.1 |

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| As at 31 March | Core £m | BPR £m | 2024 £m | 2023 £m |
|---|-------------|-------------|--------------|--------------|
| • Authorised | 1.1 | 1.2 | 2.3 | 0.8 |
| Transport service / maintenance contracts | | | | |
| • Committed ¹ | 39.9 | - | 39.9 | 2.0 |
| • Authorised | - | - | - | 63.3 |
| | 71.5 | 28.8 | 100.3 | 142.0 |

¹ This includes leases for two helicopters to replace the existing helicopters (one leased, one owned), associated maintenance and other costs, based on the outline Business Case authorised by HM Treasury. The resulting contracts were signed in May 2023.

| As at 31 March | Core £m | BPR £m | 2024 £m | 2023 £m |
|---|-------------|-------------|--------------|--------------|
| Within one year | 22.6 | 23.6 | 46.2 | 45.9 |
| Later than one year and not later than five years | 29.4 | 5.2 | 34.6 | 53.9 |
| Later than five years | 19.5 | - | 19.5 | 42.2 |
| | 71.5 | 28.8 | 100.3 | 142.0 |

15. Pension Arrangements

Until 31 March 2002, all full-time permanent employees were entitled to be members of:

- (a) a scheme managed by the Government by-analogy to the Principal Civil Service pension scheme (the Royal Household Pension Scheme); or
- (b) a scheme managed by trustees on behalf of the Royal Household (the Royal Households Group Pension Scheme).

Both pension schemes provide similar pension benefits based on final pay. The Government managed scheme is contributory for employees.

Full-time permanent employees joining post 1 April 2002 and active members of the Royal Households Group Pension Scheme at 1 April 2021 are entitled to be members of the Royal Household Defined Contribution Worksave (Mastertrust) Pension Scheme.

Information about the schemes is set out below.

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Royal Household Pension Scheme

The scheme is managed by the Government and has terms by-analogy to the Principal Civil Service Pension Scheme, which is also now closed to new members. Eligible employees are those paid from the Sovereign Grant, who were formerly paid from the Civil List who joined the Royal Household prior to 1 April 2001 and employees who transferred from the Department of the Environment or the Property Services Agency when the Royal Household's Property Services section was established and were formerly paid from the Grant-in-aid for the maintenance of the Occupied Royal Palaces. The scheme is an unfunded multi-employer defined benefit scheme in which the Royal Household is unable to identify the share of the underlying assets and liabilities attributable to employees funded by the Sovereign Grant (or its equivalent in previous years) and as permitted by IAS 19: Employee Benefits, this scheme will continue to be accounted for as if it were a defined contribution scheme.

The scheme actuary (Government Actuary's Department) valued the scheme as at 31 March 2019 and updates that valuation for IAS19 annually. The total liabilities of the scheme as at 31 March 2024 of £77.6 million (2022-23: £83.6 million) are disclosed in the Consolidated Fund Account. The Sovereign Grant funds the employment costs of 21 of the 27 active members of the scheme as at 31 March 2024. Pension contributions are paid directly to the Consolidated Fund and, in turn, pension benefits are paid directly from the Consolidated Fund as a Standing Service on a defined benefit basis. The contribution rate during the year was 21.1% of pensionable pay, reflecting a valuation by the Government Actuary's Department. The contribution rates reflect the cost of pension benefits as they are earned by employees. For 2023-24, employer's contributions of £0.2 million were payable to the scheme (2022-23: £0.2 million). For 2024-25, employer's contributions are expected to be £0.2 million.

Royal Households Group Pension Scheme

All full-time permanent employees who joined before 31 March 2002 and were not members of the Royal Household Pension Scheme were entitled to be members of the Royal Households Group Pension Scheme, which is managed by trustees on behalf of the Royal Household. The Board of Trustees is composed of representatives of both the Royal Household and its employees and pensioners and is legally separate from the Household. Trustees are required by law to act in the best interest of all relevant beneficiaries and are responsible for the investment policy for the assets, plus the day to day administration of the benefits. The scheme provides benefits which are based on final pensionable pay and is non-contributory for employees. Pensionable pay is defined as basic salary. Benefits are also payable on death and following other events such as withdrawing from active service.

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Under the plan, employees are entitled to annual pensions on retirement at age 60 of 1/60 of final pensionable salary for each year of service up to 31 March 2007, then 1/70 for service up to 31 March 2019 and then 1/90 for service from 1 April 2019. The scheme closed to future accrual with effect from 1 April 2021, however former active members still maintain their link to future salary increases. From 1 April 2021 members have been enrolled in the Royal Household Defined Contribution Worksave (Mastertrust) Pension Scheme unless they chose to opt-out.

The Royal Households Group Pension Scheme is a defined benefit plan multi-employer scheme, which shares risks between various related parties with each employer being jointly and severally liable for their respective obligations under the scheme. As well as covering eligible employees paid from the Sovereign Grant, the scheme covers those paid by the Privy Purse, The Royal Collection Trust and the Household of the Prince and Princess of Wales.

The contribution rate for the scheme is based on triennial valuations undertaken by a qualified independent actuary using the projected unit credit method. The most recent completed valuation was as at 31 December 2020 and showed a deficit of £15.1 million. Of this, £5.1 million was notionally attributable to staff funded by the Sovereign Grant. The total market value of the assets of the whole scheme was £115.9 million and this value of assets was sufficient to cover 88% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Following this valuation, the employer's contribution rate attributable to staff funded by the Sovereign Grant remained at 30.4% of pensionable salaries in respect of current accrual for its employees until the closure of the scheme to future accrual on 31 March 2021 (2019-20: 30.4%). Thereafter, a lump sum payment of £0.2 million is due each year for six years from 1 April 2021 to 1 April 2026. It is assumed that these measures, along with investment returns from return-seeking assets, will be sufficient to eliminate the share of the past service deficit funded by the Sovereign Grant by 28 February 2027.

The results of the latest funding valuation as at 31 December 2020 have been used for this disclosure, updated by an independent qualified actuary, to take account of experience over the period since 31 December 2020 changes in market conditions and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation was measured using the projected unit credit method.

Assumptions used

The principal assumptions used to calculate the liabilities under IAS 19 are:

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| Actuarial assumptions adopted as at 31 March (% pa) | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|------|------|------|------|------|
| Discount rate for scheme liabilities | 4.8 | 4.7 | 2.7 | 2.1 | 2.3 |
| Rate of general long-term increase in salaries | 4.0 | 4.1 | 3.8 | 4.0 | 3.3 |
| Rate of price inflation (RPI) | 3.1 | 3.3 | 3.5 | 3.2 | 2.6 |
| Rate of price inflation (CPI) | 2.5 | 2.6 | 2.8 | 2.5 | 1.8 |
| Rate of increase to pensions in payment | 2.9 | 3.1 | 3.3 | 3.1 | 2.5 |

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions and reflect the nature and term of the scheme's liabilities. An estimate has been made of the impact of Guaranteed Minimum Pension equalisation and has found it to be immaterial, therefore no allowance has been made for this.

Members are assumed to take their maximum cash lump sum at retirement.

The mortality assumptions are based on the recent actual mortality experience of Scheme members.

| Main demographic assumptions adopted as at 31 March (years) | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|------|------|------|------|------|
| Life expectancy for male currently aged 65 | 21.4 | 22.0 | 22.4 | 21.5 | 21.6 |
| Life expectancy for female currently aged 65 | 23.9 | 24.4 | 24.7 | 23.5 | 23.5 |
| Life expectancy at 65 for male currently aged 45 | 22.7 | 23.4 | 23.7 | 22.8 | 22.9 |
| Life expectancy at 65 for female currently aged 45 | 25.3 | 25.8 | 26.1 | 25.1 | 25.1 |
| Transfer take-up: nil for all ages | | | | | |

Scheme assets are stated at their market values as at 31 March 2024.

Reconciliation of funded status to the statement of financial position

| As at 31 March | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------|--------|--------|--------|--------|
| | £m | £m | £m | £m | £m |
| Fair value of scheme assets | 27.1 | 27.5 | 38.3 | 36.4 | 31.7 |
| Present value of funded defined benefit obligations | (26.6) | (27.0) | (37.0) | (36.6) | (31.9) |
| Net pension asset/(liability) recognised on the statement of financial position | 0.5 | 0.5 | 1.3 | (0.2) | (0.2) |

There is a net pension asset of £0.5 million as at 31 March 2024. The amount of this net pension asset has a consequential effect on reserves.

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When determining the asset recognised on the balance sheet, it has been assumed that the Royal Household would be able to recover the surplus through a refund from the Scheme in the future. This reflects the provisions of the Scheme's documentation.

Changes to the fair value of scheme assets during the year

| As at 31 March | 2024 | 2023 |
|--|-------|--------|
| | £m | £m |
| Fair value of scheme assets as at the beginning of the year | 27.5 | 38.3 |
| Movement in year: | | |
| Contributions by employer | 0.4 | 0.3 |
| Administration costs incurred | (0.1) | (0.1) |
| Net benefits paid out | (1.0) | (0.8) |
| | (0.7) | (0.6) |
| <i>Actual return on scheme assets:</i> | | |
| Interest income on scheme assets | 1.3 | 1.0 |
| Re-measurement loss on scheme assets: return on scheme assets in excess of that recognised in net interest | (1.0) | (11.2) |
| | 0.3 | (10.2) |
| Fair value of scheme assets as at 31 March | 27.1 | 27.5 |

Fair value by asset class, all quoted in an active market (except cash/net current assets)

| As at 31 March | 2024 | 2023 | 2022 |
|-------------------------|------|------|------|
| | £m | £m | £m |
| UK equities | 0.0 | 0.0 | 0.8 |
| Overseas equities | 10.3 | 11.3 | 16.0 |
| Fixed interest gilts | 4.8 | 4.6 | 2.9 |
| Index-linked gilts | 8.7 | 7.9 | 11.1 |
| Property | 2.8 | 3.0 | 3.7 |
| Cash/net current assets | 0.5 | 0.7 | 3.8 |
| | 27.1 | 27.5 | 38.3 |

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The scheme adjusts and monitors its allocation of growth assets to support its long-term objectives.

Changes to the present value of the defined benefit obligation during the year

| As at 31 March | 2024 | 2023 |
|--|-------------|-------------|
| | £m | £m |
| Defined benefit obligations at the beginning of the year | 27.0 | 37.0 |
| Movement in year: | | |
| Current service cost | - | - |
| Interest expense on defined benefit obligations | 1.3 | 1.0 |
| Actuarial (gains)/losses on scheme liabilities arising from: | | |
| changes in financial assumptions | (1.1) | (10.9) |
| changes in demographic assumptions | (0.1) | (0.3) |
| Experience | 0.5 | 1.0 |
| Net benefits paid out | (1.0) | (0.8) |
| Defined benefit obligations as at 31 March | <u>26.6</u> | <u>27.0</u> |

Analysis of the defined benefit obligation by membership category

| As at 31 March | 2024 | 2023 |
|---|-------------|-------------|
| | £m | £m |
| Current (“active deferred”) employee benefits | 3.3 | 7.9 |
| Deferred member benefits | 7.9 | 7.6 |
| Pensioner member benefits | 15.4 | 11.5 |
| Total defined benefit obligation | <u>26.6</u> | <u>27.0</u> |

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 13 years.

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Movement in the asset/(deficit) of the scheme

An analysis of the movement in the asset/(deficit) of the scheme over the year is as follows:

| As at 31 March | 2024 | 2023 |
|---|-------------------|-------------------|
| | £m | £m |
| Asset/(Deficit) as at the beginning of the year | 0.5 | 1.3 |
| Movement in year: | | |
| <i>Amounts (charged)/ credited against income and expenditure:</i> | | |
| Contributions by employer | 0.4 | 0.3 |
| Current service cost | - | - |
| Administration costs incurred | (0.1) | (0.1) |
| Interest expense on defined benefit obligations | (1.3) | (1.0) |
| Interest income on scheme assets | 1.3 | 1.0 |
| <i>Pension expense recognised in Statement of Income and Expenditure</i> | <u>0.3</u> | <u>0.2</u> |
| <i>Amounts (charged)/ credited against comprehensive income and expenditure:</i> | | |
| Re-measurement gains on scheme assets: return on scheme assets in excess of that recognised in net interest | (1.0) | (11.2) |
| Actuarial gains/(losses) due to changes in financial assumptions | 1.1 | 10.9 |
| Actuarial (losses)/gains due to changes in demographic assumptions | 0.1 | 0.3 |
| Actuarial (losses)/gains due to liability experience | (0.5) | (1.0) |
| <i>Actuarial gains/ (losses) recognised in Statement of Comprehensive Income and Expenditure</i> | <u>(0.3)</u> | <u>(1.0)</u> |
| Asset as at the end of the year | <u><u>0.5</u></u> | <u><u>0.5</u></u> |

| Year to 31 March | 2024 | 2023 |
|--|------|------|
| | £m | £m |
| Cumulative amount of gains recognised in Statement of Other Comprehensive Income and Expenditure | 0.5 | 0.8 |

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History of experience gains and losses

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-------|--------|-------|------|-------|
| | £m | £m | £m | £m | £m |
| Experience gains/(losses) on scheme assets | (1.0) | (11.2) | 1.7 | 4.3 | (1.8) |
| Experience gains/(losses) on scheme liabilities | (0.5) | (1.0) | (1.6) | 0.6 | 0.2 |

Risks associated with the scheme

The scheme exposes the employers to some risks, the most significant of which are:

Asset volatility - The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit.

The Scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields - A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk - A significant proportion of the Scheme's benefit obligations are linked to inflation and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).

Most of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy - The majority of the Scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

Risk Management

The employers and the trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes investing some of the scheme's assets in asset classes with similar profiles to the scheme's liabilities, with the aim of reducing the volatility of the funding level of the scheme. By investing in assets such as fixed and index-linked gilts, the scheme is partially protected against inflation being higher than expected.

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Sensitivity to key assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows:

| | Change £m | New value £m |
|--|--------------|--------------------|
| <i>Following a 0.25% decrease in the discount rate, as at 31 March 2024:</i> | | |
| Assets | - | 27.1 |
| Defined benefit obligations | 1.0 | (27.6) |
| (Deficit) | <u>(1.0)</u> | <u>(0.5)</u> |

| | | |
|---|--------------|--------------|
| <i>Following a 1.0% decrease in the discount rate, as at 31 March 2024:</i> | | |
| Assets | - | 27.1 |
| Defined benefit obligations | 4.2 | (30.8) |
| (Deficit) | <u>(4.2)</u> | <u>(3.7)</u> |

| | | |
|---|--------------|--------------|
| <i>Following a 0.5% increase in the inflation assumption (excluding salary increases), as at 31 March 2024:</i> | | |
| Assets | - | 27.1 |
| Defined benefit obligations | 1.7 | (28.3) |
| (Deficit) | <u>(1.7)</u> | <u>(1.2)</u> |

| | | |
|--|--------------|--------------|
| <i>Following a one-year improvement in life expectancies, as at 31 March 2024:</i> | | |
| Assets | - | 27.1 |
| Defined benefit obligations | 1.0 | (27.6) |
| (Deficit) | <u>(1.0)</u> | <u>(0.5)</u> |

Estimate of income and expenditure charge for the coming year

As the plan ceased future accrual from 1 April 2021, no ongoing contributions are expected from the year ending 31 March 2022, although £0.2m deficit payments remain payable each year until 1 April 2026.

| | |
|---------------------------------|------------|
| Year to 31 March | 2025 |
| | £m |
| Administration Expenses | 0.1 |
| Total estimated pension expense | <u>0.1</u> |

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Royal Household Defined Contribution (Mastertrust) Pension Scheme

Full-time permanent employees joining from 1 April 2002 were entitled to be members of the Royal Household Defined Contribution (Stakeholder) Pension Scheme, which is administered by Legal & General. From 1 August 2020 members moved to a new auto-enrolment pension scheme, the Royal Household Worksave Pension Scheme, which is a Mastertrust scheme administered by Legal & General. The scheme is non-contributory for employees and the Royal Household pays contributions into the fund for each employee. The current rate of contribution is 15% of pensionable salary. Benefits are based on contribution levels linked to investment returns over the period to retirement. Employees can, if they wish, make their own contributions up to HMRC limits. For 2023-24, employer's contributions of £2.8 million were payable to the scheme (2022-23: £2.4 million).

16. Related Party Transactions

The Royal Collection Trust, Historic Royal Palaces, the Privy Purse and other Royal Households are regarded as related parties. Material transactions with these related parties during the year are summarised below. None is secured and all are settled in cash.

| | Income recovered from (<i>balance outstanding</i>) | | Expenditure charged by (<i>balance outstanding</i>) | |
|----------------------------|---|------------|--|------------|
| | 2024 £m | 2023 £m | 2024 £m | 2023 £m |
| The Royal Collection Trust | 15.2 | 2.2 | (0.1) | (0.1) |
| <i>Balance outstanding</i> | 1.7 | 0.8 | - | - |
| Privy Purse | 0.8 | 0.8 | (0.7) | (0.3) |
| <i>Balance outstanding</i> | 0.4 | 0.3 | - | - |
| Other Royal Households | 0.7 | 1.6 | (0.2) | (1.2) |
| <i>Balance outstanding</i> | 0.2 | 0.2 | - | (0.1) |
| Historic Royal Palaces | 0.1 | 0.1 | - | - |
| <i>Balance outstanding</i> | - | - | - | - |

Recoveries include management fees charged by the Royal Household for various services including catering, cleaning and the provision of press office, internal audit, security liaison and information systems services.

In addition, recoveries made from The Royal Collection Trust include the Windsor Castle and Buckingham Palace facilities management charges, rent for accommodation, property refurbishment and maintenance services costs, utilities and staff costs.

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Recoveries from the Privy Purse include rent for accommodation provided, repairs and maintenance services carried out by the Property Section, sales of plants to the Windsor Farm Shop and staff costs.

Recoveries from other Royal Households include rent for accommodation, property refurbishment and maintenance service costs, utilities and staff costs.

Charges to the Royal Household include the costs of cleaning, accommodation, and utilities for official staff whilst at Balmoral and Sandringham.

None of the key staff employed by the Royal Household has undertaken any material transactions with the Sovereign Grant during the year.

The Sovereign Grant Accounts are consolidated within the Financial Statements of HM Treasury, a copy of which can be found on www.hm-treasury.gov.uk.

The Royal Household has had transactions with the following government departments:

| | Income recovered from (<i>balance outstanding</i>): | | Expenditure charged by (<i>balance outstanding</i>): | |
|--|--|------------|---|------------|
| | 2024 £m | 2023 £m | 2024 £m | 2023 £m |
| Foreign, Commonwealth and Development Office | 1.0 | 0.1 | - | - |
| <i>Balance outstanding</i> | - | - | - | - |
| Ministry of Defence | 0.1 | 0.1 | (0.6) | (0.9) |
| <i>Balance outstanding</i> | - | - | - | (0.4) |
| Cabinet Office | - | 0.1 | (0.4) | - |
| <i>Balance outstanding</i> | - | - | - | - |

Transactions directly attributable to related parties where an activity has been carried out on their behalf and the cash recovered, are included in the table below, but do not form part of the income and expenditure of the Sovereign Grant. Balances held as agent relate to cash received but not yet spent.

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| | 2024 £m | 2023 £m |
|--|------------|------------|
| Cash recovered from: | | |
| The Royal Collection Trust | 1.6 | 1.7 |
| <i>Balance outstanding</i> | 0.1 | 0.4 |
| Privy Purse | 0.5 | 0.7 |
| <i>Balance outstanding</i> | 0.1 | 0.5 |
| Other Royal Households | 0.6 | 0.4 |
| <i>Balance outstanding</i> | 0.2 | 0.1 |
| Cabinet Office | 0.9 | 0.9 |
| <i>Balance outstanding (held as agent)</i> | - | (0.1) |
| Department for Digital, Culture, Media & Sport | 1.2 | 0.4 |
| <i>Balance outstanding (held as agent)</i> | (0.2) | - |

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17. Buckingham Palace Reservicing

The amounts relating to Reservicing in the Income and Expenditure account are shown in the table below.

| Year to 31 March | 2018-24 cumulative £m | 2024 £m | 2023 £m |
|---|-----------------------------|------------|------------|
| Funding receivable¹: | | | |
| Grant | 234.2 | 34.5 | 34.5 |
| Income | | | |
| Recharge and other income | 2.4 | 2.3 | - |
| | 2.4 | 2.3 | - |
| Expenditure | | | |
| Payroll costs | (10.3) | (2.1) | (1.9) |
| Other staff costs | (12.8) | (1.3) | (1.9) |
| Housekeeping and hospitality | (0.2) | - | - |
| Property maintenance | (188.2) | (32.6) | (43.0) |
| Digital services | (1.3) | (0.3) | (0.4) |
| Depreciation | (5.4) | (1.5) | (1.4) |
| Other | (5.5) | (0.7) | (0.4) |
| | (223.7) | (38.5) | (49.0) |
| Total net expenditure | (221.3) | (36.2) | (49.0) |
| Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve | 12.9 | (1.7) | (14.5) |
| Capital expenditure incurred net of depreciation | (17.6) | | |
| Reserve/(deficit) carried forward | (4.7) | | |

¹ In accordance with the Accounts Direction issued by HM Treasury (See Appendix 3 page 128), funding received in respect of the Sovereign Grant (and any draw down from the Sovereign Grant Reserve) is recognised in the Statement of Income and Expenditure in the year.

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During 2023-24 an agreement was made by management to recharge costs from the Buckingham Palace Reservicing Programme to the Core Sovereign Grant, in respect of costs incurred to repair incidents of historic damage to Buckingham Palace. Consequently, in 2023-24 a sum of £2.2m has been recharged to the Core Sovereign Grant (of which £0.4m costs were incurred in 2023-24 and £1.8m related to costs pre 2023-24). For transparency, this recharge is shown within recharge and other income for the purposes of this note to the accounts. In the Statement of Income and Expenditure on page 84, this transaction has been eliminated on consolidation and is therefore only shown within the Property maintenance line within the Core Sovereign Grant. Further detail can be found in note 2.

18. Issue of Accounts

On 7 June 2024 the financial statements were approved by the Accounting Officer and Audit and Risk Assurance Committee and on 11 June 2024 were approved by the Lord Chamberlain's Committee for signature by The Keeper of the Privy Purse on 16 July 2024. The financial statements were authorised for issue on the date of certification by the Comptroller and Auditor General.

19. Events after the reporting period

There have been no significant events after 31 March 2024 that require adjustment to, or disclosure in the financial statements.

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 1: ADDITIONAL NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

Property maintenance

| | 2024 £m Core | 2024 £m BPR | 2024 £m Total | 2023 £m Total |
|----------------------|--------------------|-------------------|---------------------|---------------------|
| Projects | | | | |
| • Construction | 8.8 | 22.3 | 31.1 | 33.9 |
| • Fees | 1.3 | 8.0 | 9.3 | 17.0 |
| Reactive maintenance | 6.5 | 0.1 | 6.6 | 6.9 |
| | <u>16.6</u> | <u>30.4</u> | <u>47.0</u> | <u>57.8</u> |

Travel

| | 2024 £m Core | 2023 £m Core |
|----------------------|--------------------|--------------------|
| Air travel | | |
| • Helicopters | 2.0 | 1.8 |
| • Fixed wing (large) | 0.2 | 0.1 |
| • Fixed wing (small) | 0.9 | 0.9 |
| • Scheduled | 0.3 | 0.3 |
| Rail travel | 0.6 | 0.6 |
| Motor vehicles | 0.2 | 0.2 |
| | <u>4.2</u> | <u>3.9</u> |

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

Utilities

| | 2024 £m Core | 2023 £m Core |
|-----------------------|--------------------|--------------------|
| Rates and council tax | 1.9 | 1.5 |
| Electricity | 2.2 | 1.4 |
| Gas | 1.2 | 1.4 |
| Water | 0.4 | 0.2 |
| | 5.7 | 4.5 |
| | 5.7 | 4.5 |

Housekeeping and hospitality

| | 2024 £m Core | 2023 £m Core |
|-----------------------------|--------------------|--------------------|
| Food and drink | 1.5 | 1.5 |
| Cleaning, laundry and other | 1.1 | 0.9 |
| | 2.6 | 2.4 |
| | 2.6 | 2.4 |

Other

| | 2024 £m Core | 2024 £m BPR | 2024 £m Total | 2023 £m Total |
|---|--------------------|-------------------|---------------------|---------------------|
| Equipment purchase and hire | 1.2 | - | 1.2 | 1.3 |
| Insurance, legal advice and other professional services | 3.7 | 0.2 | 3.9 | 4.2 |
| Printing, postage and stationery | 1.3 | - | 1.3 | 1.2 |
| Other | 1.9 | 0.5 | 2.4 | 1.6 |
| | 8.1 | 0.7 | 8.8 | 8.3 |
| | 8.1 | 0.7 | 8.8 | 8.3 |

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 2: FIVE YEAR INFORMATION

| <i>Year to 31 March</i> | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | £m | £m | £m | £m | £m |
| Funding received: | | | | | |
| Grant | <u>86.3</u> | <u>86.3</u> | <u>86.3</u> | <u>85.9</u> | <u>82.4</u> |
| Income | | | | | |
| Property rental income | 3.8 | 3.6 | 3.3 | 3.4 | 3.3 |
| Facilities management charges | 8.8 | 0.5 | 0.4 | (0.2) | 7.3 |
| Recharges for functions and other income | <u>7.2</u> | <u>5.7</u> | <u>6.2</u> | <u>6.2</u> | <u>9.6</u> |
| | 19.8 | 9.8 | 9.9 | 9.4 | 20.2 |
| Expenditure | | | | | |
| Payroll costs | (27.9) | (27.1) | (23.7) | (24.1) | (24.4) |
| Other staff costs | (4.0) | (5.0) | (3.8) | (3.3) | (4.5) |
| Property maintenance | (47.0) | (57.8) | (63.9) | (49.5) | (38.3) |
| Travel | (4.2) | (3.9) | (4.5) | (3.2) | (5.3) |
| Utilities | (5.7) | (4.5) | (3.2) | (3.2) | (3.1) |
| Housekeeping and hospitality | (2.6) | (2.4) | (1.3) | (0.9) | (2.6) |
| Digital services | (4.3) | (4.0) | (3.2) | (3.7) | (4.2) |
| Depreciation | (4.4) | (4.3) | (3.4) | (3.3) | (2.3) |
| Other | <u>(8.8)</u> | <u>(8.3)</u> | <u>(5.3)</u> | <u>(5.7)</u> | <u>(4.9)</u> |
| | (108.9) | (117.3) | (112.3) | (96.9) | (89.6) |
| Total net expenditure | <u>(89.1)</u> | <u>(107.5)</u> | <u>(102.4)</u> | <u>(87.5)</u> | <u>(69.4)</u> |
| Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve | <u>(2.8)</u> | <u>(21.2)</u> | <u>(16.1)</u> | <u>(1.6)</u> | <u>13.0</u> |

PERFORMANCE INDICATORS AND OPERATING RATIOS

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|------------------------------------|------------|------------|------------|------------|------------|
| Suppliers paid within: | | | | | |
| 15 days of receipt of invoice | 46% | 46% | 44% | 46% | 44% |
| 30 days of receipt of invoice | 83% | 89% | 87% | 90% | 90% |
| Staff Numbers (average FTE) | 523 | 517 | 491 | 508 | 513 |

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 3: SOVEREIGN GRANT ACCOUNTS DIRECTION

This Accounts Direction is given by HM Treasury in accordance with Sections 2 and 4 of the Sovereign Grant Act 2011.

1. The Royal Household shall prepare accounts for the Sovereign Grant and Sovereign Grant Reserve for the year ending 31 March 2013 and for subsequent years comprising:
 - (a) an Annual Report;
 - (b) a statement of income and expenditure;
 - (c) a statement of comprehensive income and expenditure;
 - (d) a statement of financial position;
 - (e) a statement of changes in equity;
 - (f) a statement of cashflows; and
 - (g) a statement of the reserve fund,including such notes as may be necessary for the purposes referred to in the following paragraphs.
2. Each of the said accounts shall be prepared on the historical cost basis and give a true and fair view of the income and expenditure, total recognised gains and losses and cash flows for the financial year and state of affairs as at the end of the year.
3. Subject to this requirement the accounts shall be prepared in accordance with the requirements of the Government Financial Reporting Manual (FReM) insofar as these are appropriate to the Sovereign Grant and are in force for the financial year for which the financial statements are to be prepared.
4. The application of the requirements of the FReM, the Companies Act 2006 (and where applicable Companies Act 1985) and other disclosure requirements is given in Schedule 1 attached.
5. This direction shall be reproduced as an appendix to the accounts.

Paula Diggle

Treasury Officer of Accounts

7 June 2013

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

SCHEDULE 1: ACCOUNTING AND DISCLOSURE REQUIREMENTS

Companies Act 2006 and Companies Act 1985 (“The Acts”)

1. The disclosure exemptions permitted by the Acts and any Schedules or Regulations thereto shall not apply to the Sovereign Grant accounts unless specifically approved by the Treasury.
2. The Acts require certain information to be disclosed in a Directors’ Report. To the extent that it is appropriate, information relating to the Sovereign Grant and Sovereign Grant Reserve shall be contained in the Operating and Financial Review for the financial year, which shall be signed and dated by the Keeper of the Privy Purse or other proper officer.
3. The Royal Household shall take into consideration the requirements of The Acts as they apply to non-quoted companies (to the extent they can be applied to the circumstances of the Sovereign Grant).
4. When preparing the statement of comprehensive income for the Sovereign Grant accounts, the Royal Household shall have regard to the requirements of the profit and loss account Format 2 as prescribed in Schedule 4 to the Companies Act 1985 and for periods beginning after 6 April 2008, the subsequent re-enactment.¹
5. When preparing the statement of financial position for the Sovereign Grant accounts the Royal Household shall have regard to the balance sheet Format 1 prescribed in Schedule 4 to the Companies Act 1985 and for periods beginning after 6 April 2008 the subsequent re-enactment. The balance sheet totals shall be struck at “Net Assets” and signed and dated by the Keeper of the Privy Purse.
6. Assets held in right of the Crown shall not be recognised within the Sovereign Grant, although expenses relating to their use and maintenance shall be included.
7. The Sovereign Grant accounts are not required to provide the additional historical cost information prescribed in paragraph 33(3) of Schedule 4 to the Companies Act 1985 and for periods beginning after 6 April 2008, the subsequent re-enactment.

Financial Reporting Manual (FReM)

8. The following exceptions to the requirements of the FReM are appropriate to the Royal Household and have received the consent of the Treasury:
 - (a) Funding received in respect of the Sovereign Grant (and any draw down from the Sovereign Grant Reserve) is not required to be taken to Reserves but may be recognised in the Statement of Income and Expenditure in the year in which received;
 - (b) The FReM interpretation of IAS 16 for the public sector context that requires all tangible non-current assets to be carried at valuation at the reporting period need not apply. The provisions of IAS 16 relating to measurement of tangible fixed assets at cost and valuations by class of asset may therefore be applied in order to give a true and fair view.

Other disclosure requirements

9. The Annual Report and accounts shall, inter alia:
 - (a) State that the accounts of the Sovereign Grant and Sovereign Grant Reserve have been prepared in accordance with this Accounts Direction;

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

- (b) Include a Statement of the Keeper of the Privy Purse financial responsibilities in respect of the Sovereign Grant;
- (c) Include a Governance Statement which should refer to compliance with The Sovereign Grant Act 2011 or the provisions of the Royal Household's Framework Agreement with the Treasury as appropriate;
- (d) Include a Remuneration Report for those members of the Royal Household whose remuneration is funded from the Sovereign Grant

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