



**The Sovereign Grant
and
Sovereign Grant Reserve**
Annual Report and Accounts
2024 -2025



SOVEREIGN GRANT ACT 2011

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and
Sovereign Grant Reserve
Annual Report and Accounts
2024-25

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

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FRONT COVER: King Charles III and Queen Camilla in Buckingham Palace Gardens
10 April 2024

Photograph - Millie Pilkington

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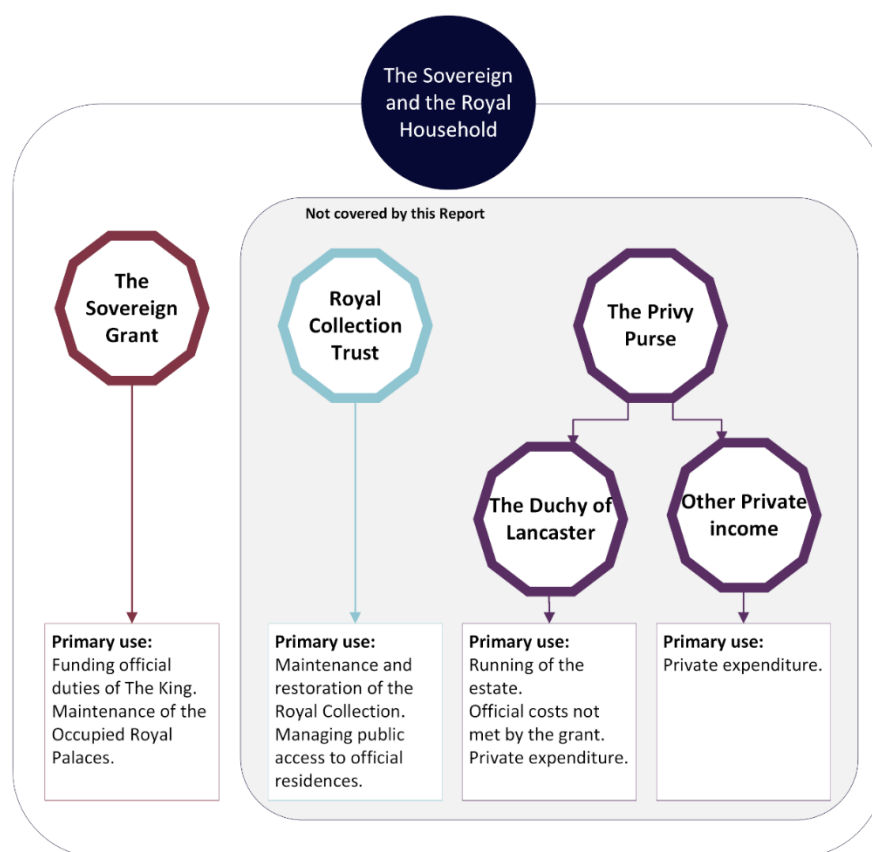
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INTRODUCTION

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'.¹ The Royal Trustees agreed to increase the Sovereign Grant for a period of 10 years from 2017-18 to fund the Reservicing Programme at Buckingham Palace.

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 overleaf.² In addition to the funding received by the Royal Household, income from the Duchy of Cornwall funds the private and official expenditure of the Prince and Princess of Wales and is taxed to the extent it is not used to meet official expenditure. This income is outside of the scope of this report and is managed separately to the Royal Household.³ Further information is available online at www.royal.uk.



¹ The Occupied Royal Palaces (sometimes referred to as Occupied Royal Residences) are Buckingham Palace, St James's Palace, Clarence House, Windsor Castle, Hampton Court Mews, Windsor Home Park and parts of Kensington Palace. The Palace of Holyroodhouse is maintained by Historic Environment Scotland.

² 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.

³ For more information on the Duchy of Cornwall, including their Annual Report which is presented to both Houses of Parliament each year, please refer to <https://duchyofcornwall.org>

INTRODUCTION

Following the July 2023 Royal Trustees review of the Sovereign Grant (“the 2023 RTR”), and in light of the expected increase in The Crown Estate’s profits due to additional income from offshore wind developments, the percentage of Crown Estate profits used in the calculation of the Sovereign Grant was cut from 25% to 12%, to ensure the grant continues to be set at an appropriate level. This reduction was consistent with both the requirements of the Sovereign Grant Act 2011 and The King’s wishes that an appropriate proportion of the additional income be directed for the wider public good.

The 2023 RTR recognised that in setting the percentage at 12% the grant amount was projected to increase significantly for 2025-26 and be maintained at a similar level for 2026-27. This will provide the remaining £100 million of funding agreed in 2016 for Reservicing work to address fire and flood risks at Buckingham Palace (“Buckingham Palace Reservicing” or “Reservicing”). The Royal Trustees concluded that they were satisfied that this expected funding profile was appropriate given the several preceding years of flat grant levels which had constrained activity in respect of property maintenance work and the Buckingham Palace Reservicing Programme.

On this basis, the total Sovereign Grant for the financial year 2024-25, and until the next review by the Royal Trustees in 2026,⁴ is 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 remains unchanged at £86.3 million (Core £51.8 million, Reservicing £34.5 million).

The total Sovereign Grant for 2025-26 will increase to £132.1 million (Core £72.1 million, Reservicing £60 million). As set out in the Report of the Royal Trustees on the Sovereign Grant for 2025-26 this represents the first increase in the grant since 2021-22.⁵

THE OFFICIAL DUTIES OF THE SOVEREIGN

The Sovereign’s role comprises two distinct elements:

The role of **Head of State**, where His Majesty carries out the full range of official duties as Sovereign, including giving Royal Assent to legislation, making senior appointments and representing the country internationally.

The role of **Head of Nation**, a more symbolic role in the life of the Nation, where The King acts as a focus for national unity at important moments in the life of the country, recognises and celebrates excellence in individuals and communities and underscores the value of the nation’s heritage.

In carrying out both of these roles, The Sovereign is supported by members of the Royal Family who undertake official duties on behalf of The Sovereign. In carrying out both of these roles, The Sovereign is supported by The Prince of Wales, as Heir to the Throne, with a programme of activities, events, initiatives and official duties. Other members of the Royal Family also undertake official duties on behalf of The Sovereign.

⁴ The Royal Trustees Review in 2026 will determine the Sovereign Grant for the five year period starting 1 April 2027.

⁵ [Report of the Royal Trustees on the Sovereign Grant Review 2025-26 - GOV.UK](#)

INTRODUCTION

HEAD OF STATE

The Sovereign is Head of State of the United Kingdom and fourteen other independent countries.⁶

Every country has a Head of State with constitutional and representational duties, laid down in law or by convention.

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

The scope and conditions for exercise of the Royal Prerogative are difficult to define comprehensively outside of a specific situation that may prompt their use.⁷ This requires the institution of Monarchy to be flexible, while maintaining its proper constitutional role as well as the highest possible standards in the execution of its objectives.

The Sovereign's role as Head of State includes Their duties in relation to parliament and government, for example the dissolution and opening of parliament, assent to legislation and certain official appointments on the advice of His Majesty's ministers and regular Audiences with the Prime Minister.

His Majesty also has a significant diplomatic role, hosting international visits including of Heads of State or Government, receiving the credentials of foreign Ambassadors, and undertaking State Visits to other countries.

As Head of State, His Majesty is also the Fount of Honour, recognising excellence through the award of honours in His name on the advice of Government (with certain exceptions).

The Sovereign is also Supreme Governor of the Church of England, Head of the Armed Forces, Head of the Judiciary and the Civil Service.

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

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 – national unity and stability, community impact, sustainability and cultural heritage, including the arts.

The Sovereign is a symbol of unity, national identity and pride. For example, it is as Head of Nation 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

⁶ 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

⁷ 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

of national crisis. The Sovereign visits communities across the country, celebrating their contributions to the U.K. and offering support in times of trouble. The Sovereign also hosts many of the events at Royal Palaces such as Garden Parties in this capacity, shining a light on exceptional individual and collective contributions to our national and local life, and on the issues which are at the heart of our national identity.

The Monarchy provides an important sense of continuity and stability during times of 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.

HEAD OF COMMONWEALTH

The Commonwealth is a voluntary association of countries that plays an important global role in promoting shared values such as democracy and development as a force for good in the world. Its membership spans five continents and includes both advanced economies and developing nations.

As the Head of the Commonwealth, The Sovereign strives to *“seek the peace, harmony and prosperity of the peoples of the Commonwealth Realms and Territories throughout the world”*. The Sovereign receives visits from Commonwealth Heads of State and receives Commonwealth High Commissioners in Audience. The Sovereign attends the biennial Commonwealth Heads of Government Meeting held in a Commonwealth country. He supports and encourages the work of the Commonwealth Secretariat, based in London.

THE ROYAL FAMILY

Her Majesty The Queen, The Prince of Wales and the wider Royal Family support The Sovereign particularly in relation to His Majesty’s role as Head of Nation and Head of the Commonwealth. 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 have completed over 1,900 engagements across the UK and overseas during 2024-25, 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

In March 2024, the Royal Household launched a new expression of purpose underpinned by five organisational values.

We support the Sovereign in serving the UK and Commonwealth to help shape a better world.



Over the course of 2024-25, this purpose has been broken down into six key priorities as summarised below (“the priorities”). The Royal Household has already been using them this year to guide their Majesties’ engagements and they will continue to be used as a framework for prioritisation and activity. These priorities will continue to be underpinned by the three principles of value for money, resilience and inclusion.

Head of State: Constitutional duties			
Supporting the Sovereign's role as Head of State for the UK & Realms, at home and abroad, to the highest of standards and in accordance with expectation and tradition			
Head of Nation			
Supporting the Sovereign's role as Head of Nation through focusing on four themes:			
National Unity Bringing people and organisations together to respond to the needs of society, building our national identity, sense of unity, and collective pride.	Community impact Celebrating those who make a difference to their local communities, enabling and inspiring greater charitable action and working with our stakeholders to amplify their impact.	Environmental sustainability Taking action to protect climate and nature in everything we do and encouraging others to do the same.	Cultural heritage Caring for and sharing the tradition, art, buildings, landscapes and artefacts of the UK so they can be enjoyed for generations to come.
Head of Commonwealth: Commonwealth duties			
Supporting the Sovereign's role as Head of Commonwealth to foster enduring friendships, maintain and deepen relationships and convene the Commonwealth as a force for good in the world.			

PERFORMANCE REPORT

The Royal Household will continue to develop relevant measures to demonstrate how the Royal Household is delivering against the purpose, using the priorities as a framework.

More broadly, the Monarchy provides an important way in which the UK is represented internationally, as part of the UK's soft power overseas, driving growth and investment, tourism and positive sentiment towards the UK and its values.

OBJECTIVES

During 2024-25, the Royal Household has begun transitioning its planning and outcomes to align with this new purpose and underlying priorities. As that process continues, the existing objectives which have been in place since 2012-13, set out below, have continued to direct activity throughout the year and therefore form the structure of this report ("the objectives"). Within each objective, the report sets out how the Royal Household has delivered against its priority themes.

	Pages
• Plan and deliver first-class Royal Events	17 to 19
• Provide high quality advice and effective input into policy issues	19
• Communicate effectively the role and activities of the Monarchy	20 to 22
• Support all Royal Households	23
• Maintain and make accessible the Official Royal Residences and the Royal Collection	23 to 32
• Continue to develop a diverse team of well-led, trained, motivated and adaptable professionals	33 to 35
• Ensure best value from financial resources	35 to 36
• Ensure business process / infrastructure provides the best possible support and continues to develop	36
• Operate in a sustainable way to minimise the Royal Household's impact on the environment	40 to 48

PERFORMANCE REPORT

The Royal Household is organised into five departments, to deliver these objectives and support the Members of the Royal Family who are performing official duties.

THE ROYAL HOUSEHOLD

The Private Secretary's Office

supports The King in his crucial constitutional duties as Head of State. Organising domestic and overseas official programmes, they also advise on constitutional matters, and take responsibility for everything from speeches and correspondence, to official presents and congratulatory messages to members of the public

The Privy Purse & Treasurer's Office

enables the Household to operate as a business. This includes vital support functions such as Finance, HR, Digital Services, Royal Travel, Procurement, Risk & Governance and Property Services.

The Master of the Household's Department

is responsible for The King and Queen's official and private entertaining across all Royal residences, as well as the leadership, administration and domestic management of the Occupied Royal Palaces and private residences when The King is in occupation. This includes hospitality, catering, conservation of working furniture and domestic arrangements.

The Lord Chamberlain's Office

is responsible for organising those elements of The King's programme that involve ceremonial activity or public facing events. These range from garden parties and state visits, to royal weddings and the State Opening of Parliament. They handle the Royal Mews, as well as the biannual awarding of honours.

Royal Collection Trust

is responsible for the care and presentation of the Royal Collection and manages the public opening of the official residences of His Majesty The King.

The activities undertaken by these departments in relation to The Sovereign's official duties, are paid for by the Sovereign Grant, and are described in this Annual Report

A registered charity, separately funded

PERFORMANCE REPORT

OVERVIEW OF THE YEAR

The year ended 31 March 2025 is the second full year of His Majesty's Reign and a year which also saw His Majesty return to public-facing duties following His cancer diagnosis and treatment. In support of His Majesty, The Royal Household welcomed both a new Lord Chamberlain and a new Keeper of the Privy Purse and Treasurer to The King ("the Keeper of the Privy Purse").

During 2024-25, the Royal Household has continued to deliver against the objectives and has started to use the priorities to guide activity, with highlights from the year outlined below.

HEAD OF STATE

Constitutional duties

Supporting the Sovereign's role as Head of State for the United Kingdom and Realms, at home and abroad, to the highest of standards and in accordance with expectation and tradition

- Two incoming State Visits from The Emperor and Empress of Japan and The Amir of the State of Qatar and Sheika Jawaher bint Hamad bin Suhaim Al-Thani.
- Audiences made up just over half of His Majesty's engagements in 2024-25. Those most often received in audience (in person and by phone) were U.K. Government Ministers and British, Commonwealth and foreign diplomats:
 - 187 Audiences related to His Majesty's Constitutional duties (in both the UK and Overseas)
 - 46 Audiences with UK Government and Devolved Administration ministers.
 - 27 Audiences with outgoing UK Diplomats.
 - 35 Audiences with incoming Foreign, Commonwealth and Realm Diplomats.
- 15 Sovereign Grant funded receptions across Buckingham Palace, St James's Palace and Windsor Castle – many of which directly supported His Majesty's role as Head of State.

HEAD OF NATION

National unity:

Bringing people and organisations together to respond to the needs of society, and building our national identity, sense of unity and collective pride

- As part of Remembrance Day, which centres around a ceremony at the Cenotaph, His Majesty led the nation in commemorating those who have died in world wars and other conflicts, uniting with others in thousands of similar ceremonies across the UK and worldwide in holding two minutes' of silence.
- Delivering the Christmas Broadcast, which carefully reflected on the issues and concerns that are collectively most important to the people that His Majesty serves, as well the King's own thought on what Christmas means to Him and those listening.
- Met with Olympic and Paralympic medallists to mark their achievements and celebrate the Nation and Commonwealth's pride on what they had accomplished.
- Visited Southport to meet with members of the local community, affected families and the emergency services.

PERFORMANCE REPORT

- On the 80th anniversary of the D-Day landings, attending a series of events to remember the sacrifices made by troops during the historic military operations.

Community impact:

Celebrating those who make a difference to their local communities, enabling and inspiring greater charitable action, and working with our stakeholders to amplify their impact

- 93,669 guests were hosted at Occupied Residences, through 828 events, Their Majesties brought individuals and communities together to celebrate the positive impact of different organisations and charities in the United Kingdom and across the World (see page 18), representative of His Majesty's role in celebrating those who make a difference to their local communities.
- 604 public engagements undertaken by Their Majesties with engagements all falling under one or more of the six priorities under the overall purpose set out on page 6 (see Appendix 1 for highlights from these engagements). Examples include:
 - His Majesty visited the Coronation Food Project Hub in Deptford in November 2024. His Majesty, escorted by the Chairmen, met representatives and supporters of five Coronation Food Project Hubs located across the United Kingdom, representatives of surplus food distribution organisations, manufacturers and supermarket retailers of the Food Alliance Sourcing.
 - The King visited Tottenham Hotspur Stadium in February and met alumni of The King's Trust, groups funded by the King Charles III Charitable Fund, young people from the London Academy of Excellence Tottenham and representatives of local businesses supported by Tottenham Hotspur Stadium.
 - In February, Their Majesties visited Middlesbrough International Centre and met representatives of local community groups and voluntary services, police officers and young people.

Environmental sustainability

Taking action to protect climate and nature in everything that we do and encouraging others to do the same

- Environmental events were evenly represented within His Majesty's diary. Throughout the year, The King has supported key environmental organisations, charities and initiatives both internationally and within the U.K. and Commonwealth. The King has highlighted, where possible, leading environmental technologies and processes. Highlights include:
 - The King, Royal, Founding Patron of the Royal Countryside Fund, received a briefing from the Royal Countryside Fund Regenerative Farming Discussion at Somerset House, London. As part of this, His Majesty visited the SOIL World at Our Feet exhibition, co-curated by the Land Gardeners, at Somerset House.
 - The King visited the Flow Country, recently designated a UNESCO World Heritage Site for its globally important nature.
 - Their Majesties visited Broglasco Farm, a regenerative farming showcase.

PERFORMANCE REPORT

- Property and conservation works have also continued, and the Property Services team have sought innovative ways to reduce the Royal Household's environmental impact, for example the lead roof of the Store Tower at Windsor Castle was replaced, with the old lead recycled into the new roof meaning only 20% of new material was required (see page 26).
- Building strong foundations to the Sustainability Programme, including progressing key projects to ensure the Household is on track for Net Zero for direct emissions by 2040 and expanding the scope of the programme to reflect the interconnectivity of action in terms of initiatives relating to people, the climate and nature (see pages 40 to 48).
- The Kings Helicopter Flight accepted delivery of the first of two new leased helicopters, which came into service in March. These new helicopters will help reduce reliance on expensive fixed wing travel and increase the Royal Household's ability to utilise Sustainable Aviation Fuel ("SAF"). To further support this, a temporary SAF tank has been installed at RAF Odiham, with plans to replace this permanently. Close collaboration with the Ministry of Defence has also resulted in the availability of SAF at RAF Northolt, further enabling the Royal Household to increase SAF usage (see page 37).

Cultural heritage

Caring for and sharing the tradition, art, buildings, landscapes and artefacts of the United Kingdom, so that they can be enjoyed for generations to come

- Throughout the year, Their Majesties have undertaken engagements and audiences which have aimed to highlight and further the legacy of cultural heritage. Highlights include:
 - The King and Queen watched a variety of traditional sports through attending the Mey Games and the Braemar Gathering, embracing the tradition of the games held since 1832.
 - The King toured the 'William Morris & Art from the Islamic World' exhibition, which explored the profound influence of Islamic art on William Morris. The exhibition demonstrated how Morris's pieces were directly inspired by Islamic surface design and its technical application.
 - Their Majesties celebrated the Film and TV Charity's centenary year by hosting a reception at Buckingham Palace prior to The King attending the Gladiator II world premiere. Gladiator II was the 72nd Royal Film Performance delivered by the Film and TV charity, of which His Majesty is patron.
 - During day two of Their Majesties visit to Northern Ireland, The King and Queen joined the celebrations of the Roe Valley Arts and Cultural centres' fifteenth anniversary of running a range of cultural programmes and educational initiatives.
 - Continuing with tradition, The King and Queen attended Ascot and celebrated the sport of horse racing.
 - Their Majesties' visited the Chelsea Flower Show. Showcasing over 400 horticultural exhibits, The King and Queen visited gardens created by various organisations and charities. During May 2024 Their Majesties' highlighted exhibits created by celebrating Britain in Bloom, young, and community gardeners.
 - The King, as Patron of the London Symphony Orchestra (LSO), watched an hour-long performance of classical music, which was conducted by the LSO's Chief Conductor, Sir Antonio Pappano. The performance marked 120 years of the LSO.

PERFORMANCE REPORT

- The Buckingham Palace Reservicing Programme has continued at pace throughout the year, making significant progress across multiple areas. In the basement, extensive work has been undertaken to install services and plant rooms, enhancing the Palace's operational resilience. Notably, 14,100 metres of permanent electrical cabling and 20,000 metres of permanent mechanical pipework have been installed in 2024-25. In the West Wing a new lift shaft has been constructed to accommodate two new lifts, further improving the accessibility of the Palace to all. Additional, early survey works commenced in both the South and North Wings in preparation for the full-scale works starting in the South Wing during the year and in the North Wing during 2025-26 (see page 27).
- The East Wing of Buckingham Palace opened to the public for the first time in the summer of 2024, with 10,735 visitors being welcomed to the East Wing in 2024-25. These tours have been possible as a result of the completed Reservicing work in this wing and took place whilst subsequent decoration work continued. During the year as part of this redecoration the Royal Household has commissioned replica hand printed wallpaper to replicate the original wallpaper, selected by Queen Victoria, which was discovered in the Chinese Dining Room during the works. Whilst this work is still ongoing, it will allow visitors to see how this room would have looked in the past whilst also helping to keep alive a traditional craft (see page 25).

HEAD OF COMMONWEALTH

Commonwealth duties

Supporting The King's role as Head of Commonwealth to foster enduring friendships, maintain and deepen relationships, and convene the Commonwealth as a force for good in the world

- Their Majesties went on a Royal Tour to Australia and Samoa, as well as attending the Commonwealth Heads of Government meeting (CHOGM) hosted in Samoa.
- The King and Queen hosted a reception to celebrate the Commonwealth Diaspora at St James's Palace, London to mark CHOGM.
- His Majesty attended the Commonwealth Day Service of Celebration in Westminster Abbey and was received by the Dean of Westminster and the Chairman of the Council of Commonwealth Societies. Similarly, His Majesty, attended the evening Commonwealth Reception hosted by the Secretary-General in London.
- His Majesty launched the Commonwealth Sport King's Baton Relay for the Glasgow 2026 Commonwealth Games.
- His Majesty received the West Indies Cricket Team.

The performance analysis, which follows on pages 17 to 48, after the Finance Review, outlines the activities undertaken during the year based on the objectives set out on page 7, with details of the associated outcomes, risks and future plans. As the Royal Household progresses in transitioning its planning and outcomes to demonstrate impact in these re-articulated priority themes, the reporting will be updated to reflect this even more closely.

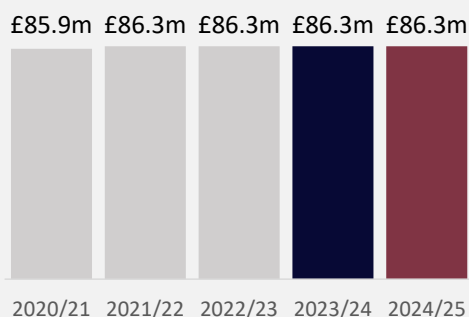
PERFORMANCE REPORT

FINANCE REVIEW

Financial highlights from the year are shown below.

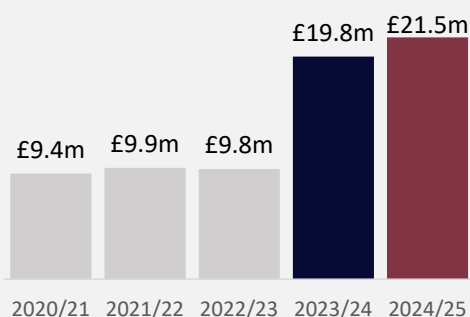
Funding

£86.3m



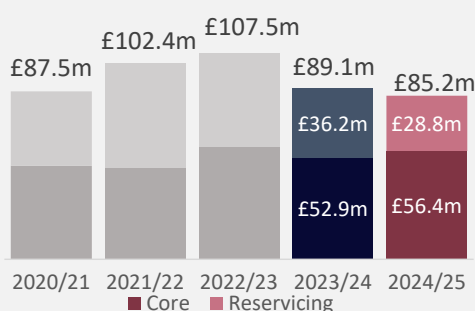
Income

£21.5m



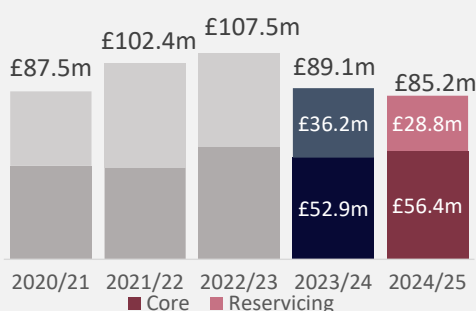
Net expenditure met by Sovereign Grant⁸

£85.2m



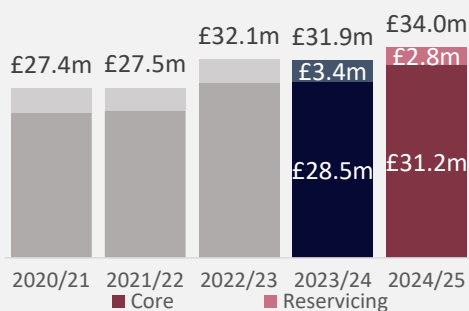
Property Maintenance

£41.2m



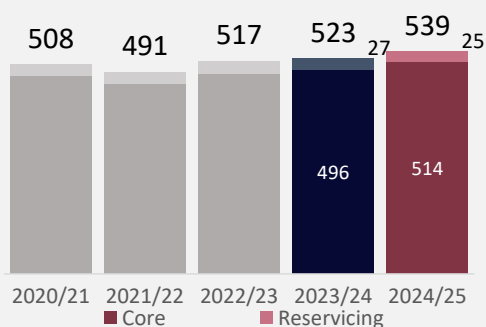
Payroll & associated costs

£34m



Average FTE

539

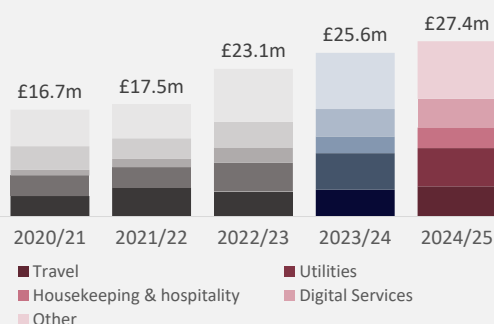


⁸ Official net expenditure met by the Sovereign Grant is equal to Total Expenditure (including Property Maintenance, Payroll & associated costs, and other expenditure) minus Income. Where this is less than the Sovereign Grant funding received in the year, this results in a transfer to the Sovereign Grant Reserve.

PERFORMANCE REPORT

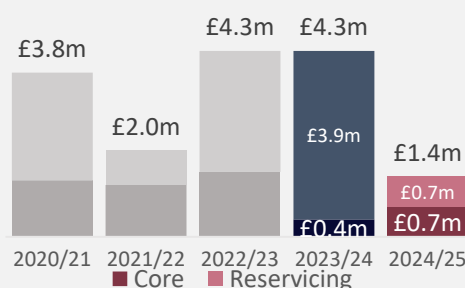
Other expenditure (excl. Depreciation)

£27.4m



Capital Expenditure

£1.4m



Closing Sovereign Grant Reserve

£8.3m



Overall

As set out on page 3, Sovereign Grant funding in 2024-25 remained flat at £86.3 million, having remained at this level since 2021-22.

Despite this, funds have been transferred to the Sovereign Grant reserve, which has increased to £8.3 million as at 31 March 2025 (31 March 2024 £5.5 million) as result of £3.9 million lower net expenditure of £85.2 million (2023-24 £89.1 million).

Income

Supplementary income increased by £1.7 million to £21.5 million (2023-25 £19.8 million). This is due to the net impact of:

£1.7m



Increase in the facilities management charge from the Royal Collection Trust, predominantly due to a record year for the number of visitors to Buckingham Palace to the annual summer opening and through the newly introduced tours of the East Wing.

£0.9m



Increase in other income, due to the share of sale proceeds of one of the outgoing helicopters, higher income from the cellars and the income from delivering more

PERFORMANCE REPORT

events on behalf of other Members of the Royal Family, offset by a loss of income from the Windsor Farm shop as this has transferred to the Crown Estate.

£1.1m



Reduction in recharges to the Royal Collection Trust in respect of Property maintenance work undertaken by the Royal Household Property Services team, on their behalf. This is due to this work now being contracted directly, rather than through the Sovereign Grant, and as such there is a corresponding decrease in expenditure.

Expenditure

Total expenditure decreased £2.2 million, amounting to £106.7 million (2023-24 £108.9 million) due to the net impact of:

£7.8m



Reduction in Buckingham Palace Reservicing Programme property maintenance expenditure by £7.8 million year on year in order to match the pace of the programme to the funding available.

£2.0m



Increase in the core property maintenance expenditure due to be prioritised after being restricted during the period of flat Sovereign Grant. This is despite a decrease in the amount undertaken on behalf of the Royal Collection Trust as referred to above.

£2.0m



Increase in payroll costs due to a combination of:

- Increase in the average number of full time equivalent (FTE) staff paid for by the Sovereign Grant to 539. This reflects a reduction in vacancies, some of which had remained purposively unfilled during a period of flat funding, and the approval of a small number of new roles to support ongoing priorities such as property maintenance.
- Average pay increases of 6.4% (see page 82)⁹ which includes the 9.7% increase in the National Living Wage from April 2024.

⁹ excluding the highest paid member of the Lord Chamberlain's Committee

PERFORMANCE REPORT

£0.6m



Increase in Housekeeping and Hospitality costs due to a combination of:

- An increase of 24 (7%) in the number of catered events organised and hosted by the Royal Household.
- The reopening of the East Wing increasing costs in respect of furniture fit out and cleaning now this is being utilised as office space.
- National Living Wage increases impacting cleaning and catering contracts.

£0.5m



Net increase in Travel costs due to a combination of:

- The trip to Samoa and Australia, for the Commonwealth Heads of Government Meeting (CHOGM) and subsequent tour.
- The planned transition to the new helicopter type required an increased reliance on fixed wing charters within the United Kingdom have driven up travel costs.
- Offset by savings in relation to maintenance and fuel costs in respect of the helicopters due there being a period of only one helicopter.

£0.3m



Increase in utility costs due to a combination of:

- The average price per kWh of electricity was 5p higher than in the prior year, leading to higher overall utility costs despite flat consumption. This increased unit price has been driven by a combination of changing electricity prices and the temporary closure of the Romney Hydro power station in Windsor, which resulted in greater reliance on the National Grid for part of the year.
- Offset by a reduction in gas consumption and the associated expenditure.

£1.7m



Of professional services costs have been incurred during the year with a view to continuous improvement. Consultancy has been utilised to support sustainability data collection and processes, the procurement operating model, risk management and in specialist areas within property services. In addition, some professional services fees were incurred in respect of the new helicopters, with some deferred into 2025-26 due to the delay in arrival of the second helicopter.

PERFORMANCE REPORT

PERFORMANCE AGAINST OBJECTIVES

1. Plan and deliver first-class Royal Events

The Royal Household helps to support The Sovereign and other Members of the Royal Family to plan and deliver a programme of first-class Royal Events. This enables The Sovereign to undertake Their constitutional duties as Head of State and Their roles as Head of Nation and Head of the Commonwealth. 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 events.¹⁰

During the year His Majesty has continued to undertake all His constitutional duties as well as His other Roles throughout His cancer treatment.

In 2024-25 the Royal Household hosted 828 Royal Events bringing guests into Official Residences, welcoming 93,669 guests. (2023-24: 835, 108,919 guests). In 2023-24 the Royal Household welcomed an exceptional level of guests, with Coronation related events welcoming an additional c.20,000 guests during the year. Consequently, it is not unexpected to see a reduction in 2024-25. 2024-25 also saw two incoming State Visits from The Emperor and Empress of Japan, and The Amir of the State of Qatar and Sheikha Jawaher bint Hamad bin Suhaim Al-Thani.

Highlights from the year

Throughout 2024-25, Their Majesties brought individuals and communities together to celebrate the positive impact of different organisations and charities in the United Kingdom and across the World.

- The King and Queen hosted a reception at St James's Palace ahead of the Commonwealth Heads of Government Meeting (CHOGM) that took place in Samoa in October 2024.
- The King hosted an International Sustainability reception, bringing together leading voices from the public and private sectors, to highlight progress and opportunities for collaboration on international sustainability issues, such as climate change and plastic pollution.
- The King hosted a reception for the Medallists of the Paris 2024 Olympic and Paralympic Games at Buckingham Palace, alongside The Princess Royal and The Duchess of Gloucester.
- The King, Queen and other Members of the Royal Family celebrated the UK's Film and TV Industry by hosting a reception at Buckingham Palace.
- The Queen hosted a reception at Buckingham Palace to thank organisations and individuals for their work in supporting survivors of rape and sexual abuse, and to relaunch Her Majesty's Wash Bags project.
- The Queen celebrated the Winners of The Queen's Commonwealth Essay Competition 2024, the world's oldest writing competition for schools delivered by the Royal Commonwealth Society ("RCS").
- Their Majesties welcomed exceptional individuals and organisations contributing towards humanitarian efforts across the globe.

¹⁰These include The King's Award for Enterprise, The Queen's Award for Osteoporosis Reception and The King's Public Sector Awards.

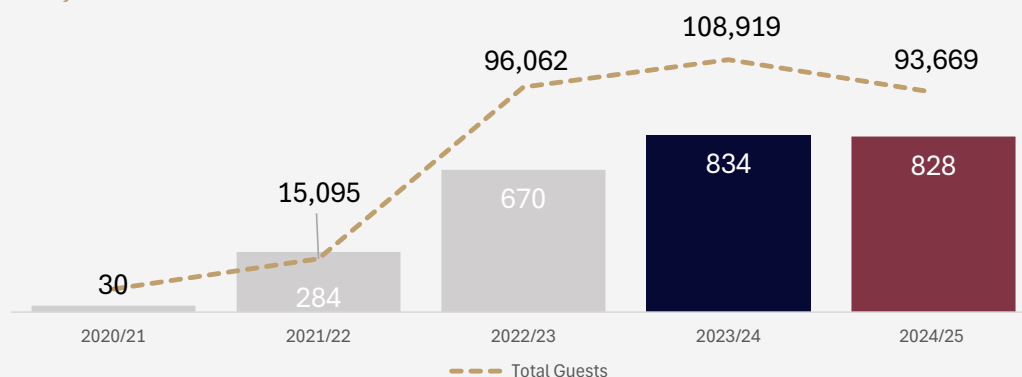
PERFORMANCE REPORT

Number of guests¹¹

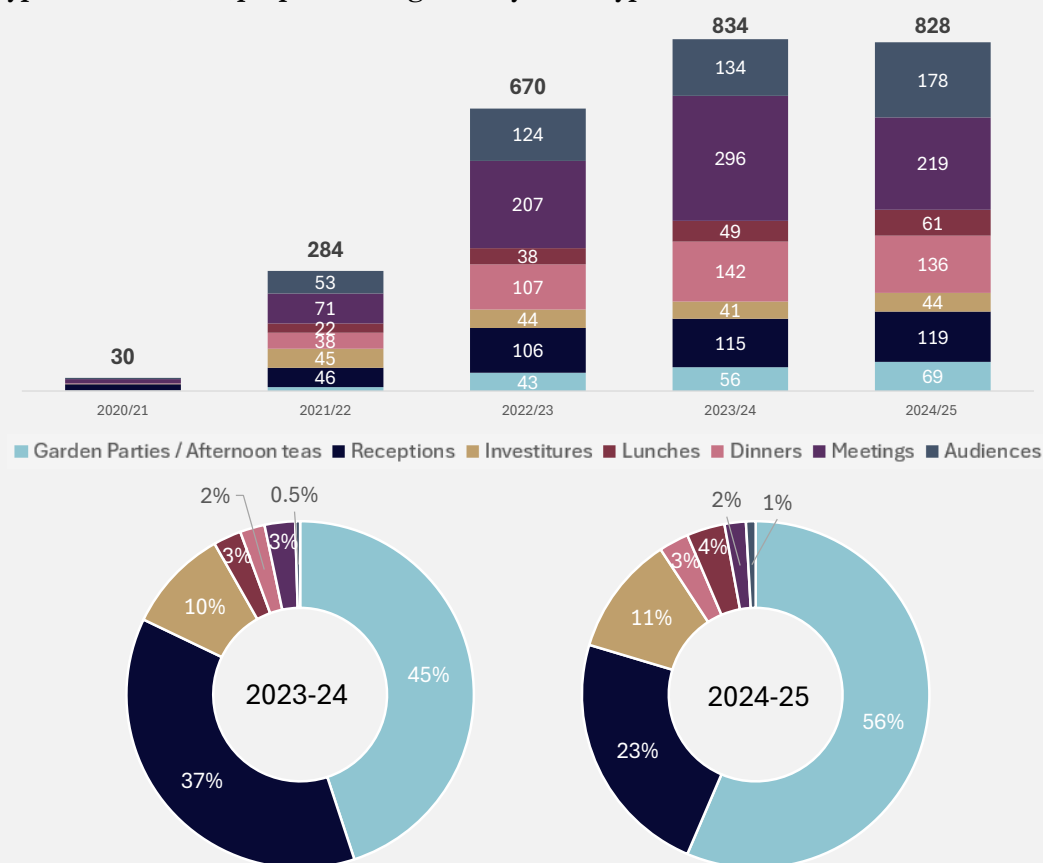
93,669

Total number of events¹²

828



Type of events, and proportion of guests by event type



¹¹ The number of guests is defined as the number of guests to Occupied Royal Palaces through the events which make up the definition below.

¹² Total number of events is defined as the number of events hosted within Occupied Royal Palaces (including The King's Gallery) that have been organised and delivered by the Royal Household, irrespective of funding, within the categories shown above. Where an event is funded outside of the Sovereign Grant, there is corresponding recharge income included within this report.

PERFORMANCE REPORT

Any risks to delivery of Royal Events as a result of the Buckingham Palace Reservicing programme will be mitigated by appropriate diary planning and ensuring that all function spaces across the Occupied Royal Palaces are considered as part of the programme planning process.

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

The Royal Household supports and advises His Majesty in fulfilling the duties of each of His roles as outlined on pages 3 to 5.

The research and advice provided by the Royal Household has also supported The King and other Members of the Royal Family in conducting visits and engagements with communities across the United Kingdom, the Commonwealth and the rest of the world.

During 2024-25 His Majesty received advice across all His roles, including but not limited to:

- Advice relating to His Majesty's role as Head of State, including receiving Heads of State and Government, as well as Ambassadors.
- Government duty. This includes upholding the constitution, granting Royal consent and assent and writing national day messages. This also involves awarding honours and approving Royal warrants, signing letters of credence and recall and approving appointments, coins, cyphers and stamps.
- Advice relating to His role as Head of the Commonwealth, including liaising with Governors-General, receiving Commonwealth High Commissioners and sharing National Day Messages. This year Their Majesties went on a Royal Tour to Australia and Samoa, as well as attendance at the Commonwealth Heads of Government Meeting (CHOGM) in October 2024.
- Matters relating to His Majesty's role as Head of the Church of England and Defender of the Faith, including the protection of all faiths.
- Advice relating to His Majesty's role as Head of the Armed Forces.
- Advice on opportunities for engaging with charities and patronages, through receptions, garden parties, loyal greetings, correspondence and engagements.
- Advice on opportunities for engaging with the communities and Nations of the U.K. through public engagements such as visits, away days, overseas tours, receptions and garden parties, as well as correspondence and anniversary cards.

It is imperative that His Majesty is able to perform the role as Head of State, whilst still functioning within proper constitutional limits. This enables the proper functioning of the constitutions of the United Kingdom and His Majesty's other Realms and also gives rise to concomitant risks if this role is not performed properly. In His Majesty's other roles, including as Head of Nation, it is also imperative that he supports the whole of the United Kingdom, its nations, peoples and communities, and that he and the rest of the Royal Family have the greatest impact for all those they serve. The Royal Household takes pride in providing His Majesty with the best possible advice, working with Government and others, relying on extensive research and experience, and ensuring the widest possible spectrum of views is brought to bear.

PERFORMANCE REPORT

3. Communicate effectively the role and activities of the Monarchy

The Royal Household aims to build public engagement with an 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.

Delivery against this objective can be split into three distinct areas of activity: Communications, Public Engagements and Correspondence.

These activities are considered separately.

COMMUNICATIONS

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 Royal Household also supports His Majesty to embody, represent and advance British interests, as a global statesperson through constitutional and diplomatic duties.

During 2024-25, the Royal Household's digital channels continued to experience high levels of engagement, reflecting a period of investment and innovation to adapt to a changing media landscape. As the Royal Household adapts to this changing media landscape, several metrics are now being tracked, and these are shown below (where no comparatives are shown these were not previously recorded). Given the exceptional level of engagement surrounding the Coronation, both in the United Kingdom and across the world, a drop in activity in this area is not unexpected.

Social Media Posts¹³

2,257

Social Media Impressions¹⁴

1.3 billion
(2023-24: 1.6 billion)

Social Media Engagements¹⁵

66 million

Official Royal Video views

397 million
(2023-24: 269 million)

Official website new users

4.2 million
(2023-24 4.6 million)

¹³ Social media posts are defined as the number of posts published to Instagram, X, Facebook and YouTube over the year.

¹⁴ Impressions are defined as the number of times that social media browsers have seen content on their timelines.

¹⁵ Engagements are defined as when users have interacted with a post by liking, commenting or sharing.

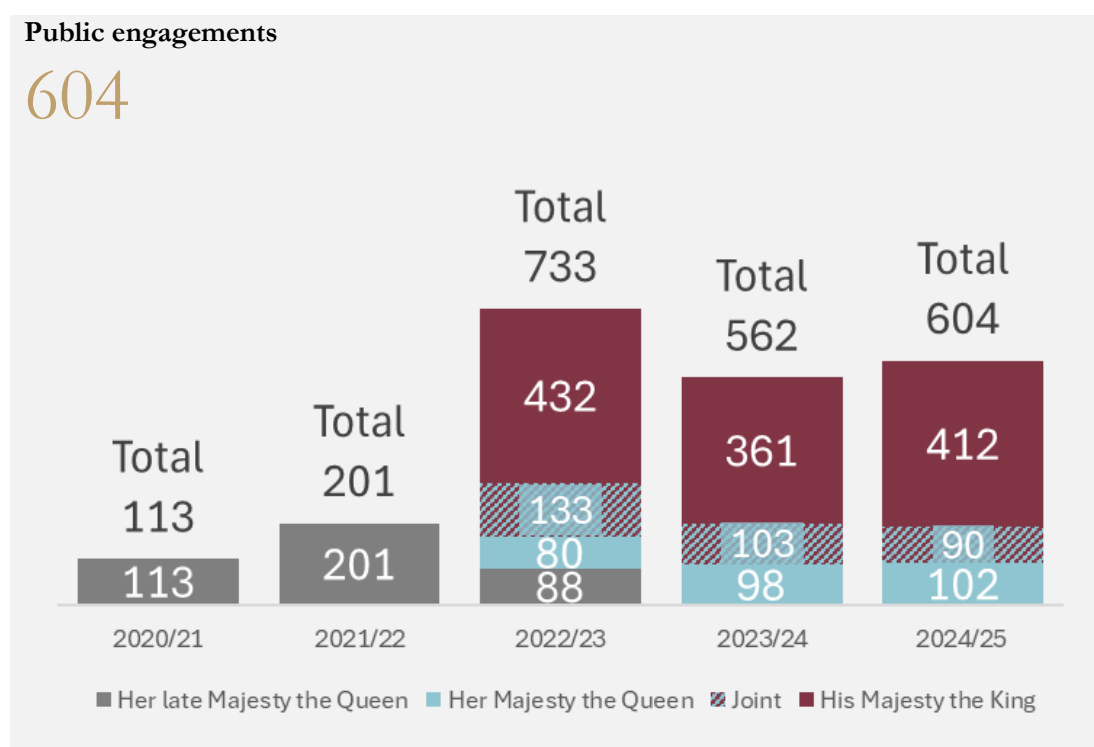
PERFORMANCE REPORT

PUBLIC ENGAGEMENTS

The Royal Household delivers a varied programme of public engagements for Their Majesties and other 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 Commonwealth. These engagements were all planned in line with the six priorities under the overall purpose set out on page 6. In addition, the Household plans and coordinates programmes to ensure that the members of the Royal Family conduct engagements that are geographically diverse.

In the year, Members of the Royal Family undertook over 1,900 public engagements (2023-24 over 2,300). Their Majesties undertook a total of 604 engagements between them, of which 90 were joint engagements (2023-24 562, of which 103 were joint engagements). For Their Majesties this is an increase on 2023-24, reflecting His Majesty's return to public-facing duties.

Highlights of Their Majesties' engagements in 2024-25 are shown in Appendix 1, with full details of Their Majesties public engagements available on The Royal Family website.¹⁶



¹⁶ www.royal.uk

PERFORMANCE REPORT

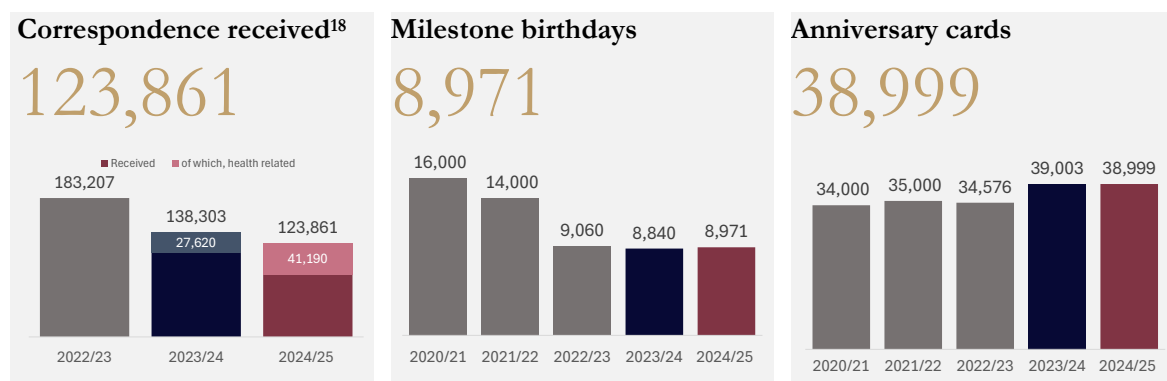
CORRESPONDENCE

Anyone in the world has the opportunity to write to Their Majesties as well as other Members of the Royal Family, the correspondence received enables the Royal Family to engage directly with people from across the globe.

During 2024-25 the Royal Household received 123,861 items of correspondence (2023-24 138,303). 41,190 items contained well wishes for The King and The Princess of Wales, following their respective health announcements (2023-24 27,620). 2022-23 and 2023-24 saw higher volumes than experienced in 2024-25 due to the passing of Her late Majesty the Queen and the Coronation respectively.

The decrease in milestone birthday card requests seen by the Royal Household over the last five years can be attributed to changes in societal demographics, one in six of those over 100 turned 100 in 2020 due to the lasting impact of the post-First World War baby boom.¹⁷ In addition, there was a secondary increase in 2020-21 due to the global Covid-19 pandemic. During this period, the Department of Work & Pensions, who provide the data on UK centenarians, were unable to undertake the usual due diligence checks, therefore in order to avoid missing anyone's birthday, cards were sent to all individuals on the database.

These forms of engagement allow Their Majesties to recognise and celebrate milestones with members of the public, bringing the Monarchy into direct contact with those whom they serve, upholding efficient and successful roll-out of Royal Correspondence, anniversary cards, Court Circular and messages to members of the public.



If the Royal Household does not continue to explore new ways to connect with wider audiences on behalf of Their Majesties, there is a risk that engagement decreases. Expanding direct communication and increasing the digital footprint through social media and other means, to reach the broadest spectrum of audiences will help deliver increased engagement.

¹⁷ Source: [Analysis: 100 and UP | Feature from King's College London](#).

¹⁸ Correspondence received not previously recorded by financial year and records not sufficient to enable the data to be restated.

PERFORMANCE REPORT

4. Support all Royal Households

The Royal Household supports the Households of other Members of the Royal Family, and the Royal Collection Trust, through the provision of shared services. This includes property conservation and maintenance, digital services, travel, security vetting, hospitality, domestic support, correspondence, human resources, risk management, 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 and the Royal Collection Trust.

The Royal Household also supports The King through the coordination of activities undertaken by other Members of the Royal Family. Cross-Household coordination meetings assist the formulation and implementation of strategy, by ensuring active collaboration and liaison between key stakeholders, including advice and guidance from His Majesty's Government and Governors General. This facilitates the provision of advice on policy and precedent, backed by research, briefings and statistical analysis.

The tracking of Royal activity and the cascading of invitations, allows for co-ordinated activity and ensures the work of each Member of the Royal Family has the greatest impact. These processes mitigate risks of duplication in matching Royal activity to national and international requirements. Examples include attendance at ANZAC Day commemorations, Remembrance Day, Passing Out Parades at RMC Sandhurst, BRNC Dartmouth and RAF Cranwell, Notre Dame Cathedral in Paris' reopening ceremony, and the Royal Variety Performance. In the coming financial year, The Royal Household will be supporting coordination on the commemorations for VE and VJ Day.

The provision of core functions supporting all Members of the Royal Family allows for a coordinated approach, and continuity across reigns. Proper coordination of the timing and content of activities undertaken by working Members of the Royal Family reduces the potential impact that these events are able to have.

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

In line with the Royal Household's priority of Cultural Heritage, caring for and sharing the tradition, art, buildings, and landscapes of the United Kingdom, during 2024-25 there were 7.4m visitors viewing the Royal Collection (2023-24 7.2m),¹⁹ demonstrating the ongoing accessibility of both the Official Residences and the Royal Collection.

Delivery against this objective is spread across three distinct areas of the Royal Household:

- Royal Household Property Section, which is responsible for the conservation and care of the Occupied Royal Palaces, including through ongoing planned preventative maintenance programmes across the estate, enabling the Occupied Royal Palaces to be accessible, including for visitors to the Royal Collection.

¹⁹ Visitors viewing the Royal Collection includes those viewing the Royal Collection in properties managed by English Heritage (Osborne House) and Historic Royal Palaces (Hampton Court Palace, Kew Gardens, Hillsborough Castle & Gardens, Kensington Palace and Tower of London).

PERFORMANCE REPORT

- the 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; and
- the Master of the Household's Department supports the presentation of the interiors of the Occupied Royal Palaces and care of some elements of the Royal Collection.

These activities are considered separately.

ROYAL HOUSEHOLD PROPERTY SECTION

During 2024-25, £17.6 million was incurred on property maintenance (excluding the Buckingham Palace Reservicing Programme) as shown in the chart below. Therefore, 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 (2023-24 55%);²⁰ thus, meeting the 50% target agreed with the Public Accounts Committee in 2013.²¹

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.

Due to the flat Sovereign Grant experienced in recent years, property maintenance expenditure has been reduced, specifically within the Annual Works Programme. 2024-25 is the first year an increase in property maintenance expenditure has been possible.

A summary of property maintenance activities undertaken in 2024-25 is below. All projects over £125,000 are approved through a Business Case process. Note, in 2023-24, and 2024-25 property maintenance expenditure included Buckingham Palace Reservicing Programme legacy works.²² The graph below shows expenditure including and excluding these costs so the underlying trend can be identified.

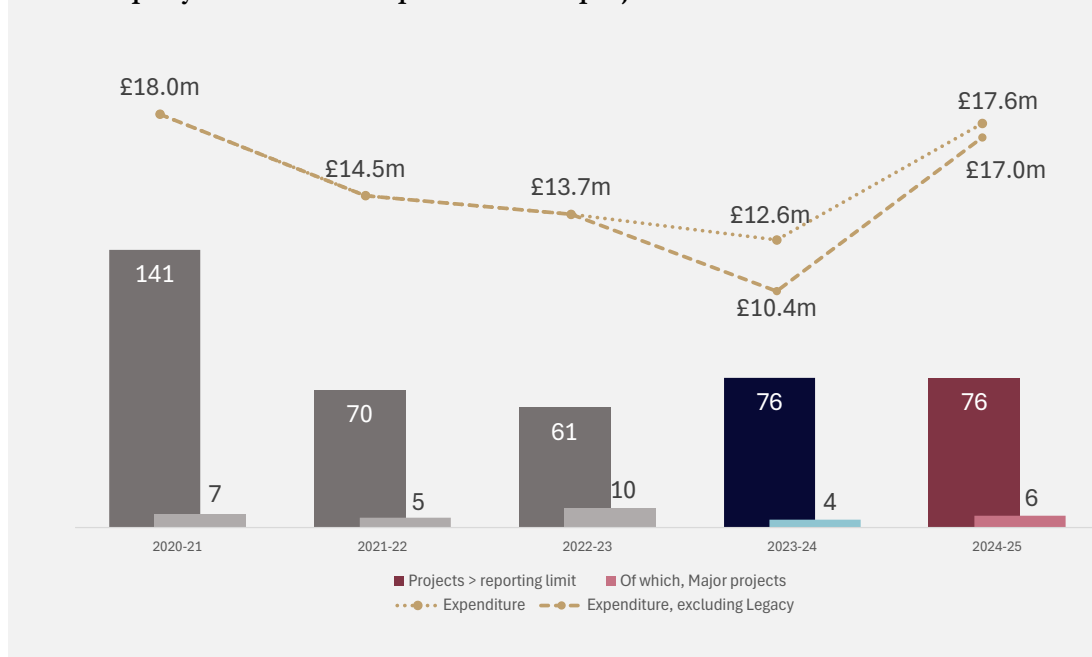
²⁰ Excluding property maintenance salary costs, 49% of the increase in the Core Sovereign Grant since 2012-13 has been allocated to property maintenance (2023-24: 50%).

²¹ The Royal Household has committed to using 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 in 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.

²² As a result of the Buckingham Palace Reservicing Programme, incidents of historic damage to the Palace have been identified and repaired. As this work falls outside the scope of the programme, a policy was agreed, during 2023-24, for any separately identifiable costs relating to these repairs to be borne by the Core Sovereign Grant.

PERFORMANCE REPORT

Core Property maintenance expenditure and projects²³



Highlights of the major projects

Being those with in year spend of more than £500,000 within the year include:

Project	Progress during 2024-25
East Wing works (£543k this year; £1.59m total costs to date) Decorations including regilding, floorboard polishing, hanging of historic wallpaper in the Yellow Drawing Room, Buckingham Palace.	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 last summer. In the Chinese Dining Room the original wallpaper selected by Queen Victoria has been rediscovered during works, allowing a replica hand printed wallpaper to be commissioned. This will allow visitors to see how the room would have looked when the East Wing was completed in the 1800s whilst also helping to keep a traditional craft alive.

²³ Expenditure shown after any recharges to other funding sources i.e. the Royal Collection Trust. All projects with a construction cost of £15,000 or more are monitored through the Annual Works Programme. This lower limit for reporting increased from £6k to £15k in 2019-20. Major projects were defined as those >£250k in 2017-18, increasing to >£350k in 2018-19, >£400k in 2022-23 and to £500k in 2024-25.

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Project	Progress during 2024-25
Asbestos removal, Buckingham Palace Mews (£1.84m this year; £2.2m total costs to date)	Asbestos removal within the quadrangle roof spaces was necessary to allow access to maintain services in the void spaces.
Store Tower Roof, Windsor Castle (£804k this year; £821k total costs to date)	The lead roof was replaced, as the old roof finish was failing as a result of heavy and consistent water penetration. The old lead roof was melted down and 'sand cast' into new sheets maximising the recycling of material with only 20% of new material required.
Buckingham Palace Reservicing Programme Legacy works (£636k this year; £2.8m total costs to date)	During the year, additional legacy works have been undertaken predominantly in respect of trench repairs in order to enable the introduction of new services.
East Wing Attic fire compartmentation, Buckingham Palace (£788k this year; £838k total costs to date)	The installation of additional fire compartmentation within the roof void further increases fire asset protection within the Palace. This builds on the work undertaken by the Buckingham Palace Reservicing Programme.
Plate heat exchangers, Windsor Castle (£917k this year; £935k total costs to date)	The replacement of life expired units, with more efficient heat exchangers, reduces energy usage and carbon emissions, and delivers cost savings.
East Terrace Garden landscaping, Windsor Castle (£605k this year; £605k total costs to date)	A complete re-landscaping of the old rose bed layout to introduce a new flowing pathway design with extensive hedging (over 340m) allowing future enhanced public access. The design creates multiple new planting beds allowing greatly enhanced biodiversity, using more sustainable plants. Two orchard areas are also included, supplemented with wildflowers.
120-minute asset protection lines, Buckingham Palace (£609k this year; £821k total costs to date)	The installation of additional vertical building fire protection provides 120-minute resistance and additional protection for the building and contents. This builds on the work undertaken by the Buckingham Palace Reservicing Programme which focuses on fire safety.

PERFORMANCE REPORT

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 Section's 10-year plan and associated resource planning against the future work programme and ensuring salaries remain appropriate to retain and attract individuals with the necessary skills.

BUCKINGHAM PALACE RESERVICING PROGRAMME

The Buckingham Palace Reservicing Programme is replacing the core services throughout Buckingham Palace to protect against the risk of fire and flood whilst the Palace remains operational throughout.²⁴ The Programme is also delivering operational improvements and increased resilience to ensure that the Palace is fit for future generations.

Please refer to page 143 for the cumulative financial position on the Buckingham Palace Reservicing Programme. This shows the programme has spent £266.5 million (72%) of the agreed £369 million to date.²⁵

The Programme has six key objectives:

- Replace core services to minimise the very real risk of fire or flood damage.
- Preserve the iconic Palace for future generations.
- Ensure Buckingham Palace remains fit for purpose as the principal residence of the Sovereign.
- Increase and improve public access to the Palace.
- Improve the energy efficiency of the Palace.
- Ensure the Programme offers value for money.

2024-25 progress against these objectives

Objective	Progress during 2024-25
Replace the 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. This year, construction of a further two of the five secondary Plant Rooms has been completed, with commissioning and testing ongoing. The final three Plant Rooms will be completed in 2025.

²⁴ Core services refer to the provision of utilities and data through a network of pipes and wires.

²⁵ Including capital expenditure.

PERFORMANCE REPORT

Objective

Progress during 2024-25

Increase and improve the public access to the Palace, including adjustments to improve accessibility

The Royal Collection Trust introduced guided tours of the Principal Floor in the East Wing in the Summer of 2024, following the improvements made to the accessibility of the wing through the introduction of an entrance ramp, two new lifts and accessible guest lavatories in the previous year. 10,735 visitors were welcomed to the East Wing in 2024-25.

The works to construct a new lift shaft for two new lifts in the West Wing has been a key focus in the year. These new lifts will be completed in 2026 and will further enhance the accessibility of the Palace for visitors, guests and staff.

Buckingham Palace Summer Opening increased its opening days by 19 and welcomed 646,902 visitors in 2024 while Reservicing works continued.

Ensure that Buckingham Palace remains fit for purpose through operational improvements

In the West Wing, the progression of the Reservicing works and the construction of a new lift shaft in the State Rooms this year 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.

The South Wing Main Works Contract has been awarded and works started on site in January 2025.

Following the decant of Royal Collection items from the North Wing, during the year early investigative surveys have been carried out to ensure that Reservicing works progress as planned in 2025 and 2026.

Optimise the use of the wider London estate

The completion of the East Wing and the West Wing lightwell areas, in addition to the offices on the Footmen's Floor (completed in 2019) increases the operational space within Buckingham Palace. This will enable the release of office space within St James's Palace for commercial rental.

PERFORMANCE REPORT

Objective	Progress during 2024-25
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 with the installation of new efficient boilers and double glazing the Picture Gallery Roof in 2022. Work has continued apace during 2024-25 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 deliver the design developed to realise 554 tonnes of carbon saving per year, as set out in the Outline Business Case approved by HM Treasury. Incremental energy savings from efficiencies will continue until the Programme completes.

The Buckingham Palace Reservicing Programme was designed to deliver a number of benefits as included in the outline business case, which have been grouped into the categories below.

- **Heritage Protection and Operational Resilience:** The Reservicing works will reduce the risk of fire and flood significantly; thereby protecting the historic fabric of Buckingham Palace and the Royal Collection and enhancing operational resilience. Over 300km of electrical cabling was replaced in the East Wing, reducing the risk of fire in this area of the Palace. While work continues to replace electrical cabling in the Basement as part of the Palace Wide Infrastructure project this year. In addition to the replacement of the Picture Gallery Roof which was completed in 2022, water tanks previously placed on the Palace roof as part of a gravity fed water system have been relocated to the Basement to significantly reduce the risk of water leaks.

To ensure the ongoing resilience of power supplies to the Palace, the electrical substation was upgraded in 2020 and two back-up generators were installed, capable of carrying the electrical load of the Palace at full operation. The Programme has also installed a dual feed electrical system which both enhances resilience and allows maintenance work to take place as required on one feed while maintaining electrical supplies from the other feed.

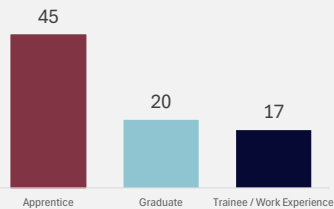
- **Enhanced Public Access:** Enhancements to the service lifts and lavatories, within the Palace, will allow events to be delivered more efficiently. It will also allow events to be held concurrently across the different Wings, enabling functions to be hosted at Buckingham Palace, which previously would have been held at third-party locations. Reservicing works were completed in the East Wing in 2024, and the Wing was opened to visitors for the first time. 10,735 visitors were welcomed to the East Wing in 2024-25.
- **Operational Efficiencies and Enhanced Staff Output:** The delivery of operational improvements and better utilisation of areas, within the Palace, will enhance Royal Household operations. The conversion of the Footmen's Floor and other open plan office areas, as well as the use of former lightwells to construct guest facilities, has increased the operational space at the Palace by 1,400m².

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- **Environmental Sustainability:** The Programme delivers a Palace that is fit for purpose and 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 and improves energy efficiency and cost effectiveness.
- **Programme Delivery:** The Programme provides an opportunity for a new generation of construction professionals to work on a historic building through apprenticeships, and graduate and other programmes thereby helping to maintain specialist heritage skills.

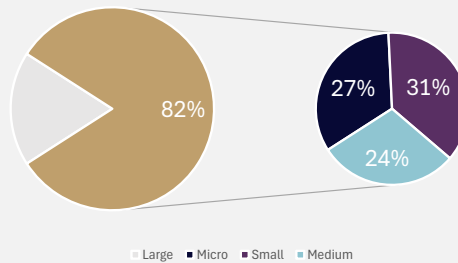
Apprentices, Graduates & Work Experience²⁶

82 to date



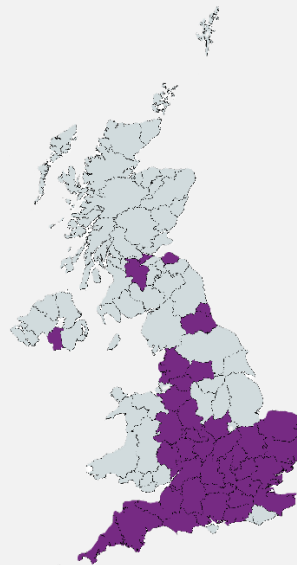
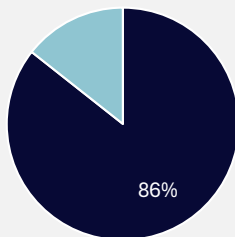
Micro, Small or Medium Enterprises²⁷.

82% to date



UK-sourced materials (50% target)²⁸

86% to date



²⁶ Defined as working on the programme through the Royal Household directly or via a supplier.

²⁷ As defined by the EU Commission recommendation [EUR-Lex - 32003H0361 - EN - EUR-Lex](#) (Micro: <10 employees, annual turnover <£2 million; Small: <50 employees, annual turnover <£9 million and Medium: <250 employees, annual turnover <£44 million)

²⁸ UK sourced materials refers to materials purchased from UK companies, including subsidiaries of global companies.

PERFORMANCE REPORT

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. 10 Programme Assessment Reviews and 8 Gateway Reviews have been completed as at 31 March 2025, to inform the Programme Executive Board. A Gateway Review for the West Wing took place in April 2025 as scheduled. A further Programme Assessment Review is planned for October 2025.

Due to the backloading of work on to the last two years of the Programme, there remains a risk of discoveries which could lead to an increase in construction and/or materials costs. Agile planning is adopted to mitigate these risks, working closely with other Royal Household operations and the supply chain.

National Audit Office Value for Money Audit

In July 2024, 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 Report concluded “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, the Household continues to manage risks effectively, and its approach to the programme should set it up to deliver good value for money”.

Since the Report was published,²⁹ three of the five recommendations have been implemented. The final two recommendations are due to be implemented by the Royal Household after the completion of the Programme.

The Public Accounts Committee visited the Palace in March 2025 for a presentation and tour of the Programme’s progress to date and to hear about the lessons learned and the plans for the remaining two years of the Programme. Feedback received after this visit was positive, echoing the conclusions from the NAO report.

MASTER OF THE HOUSEHOLD’S DEPARTMENT

The Craft Team within the Master of the Household’s Department supports the presentation of the interiors of the Occupied Royal Palaces, operational setup to facilitate events and Household operations, and the maintenance and restoration of furniture and furnishings.

- The Historic Interiors team provide on-site craft support and practical conservation-restoration services to minimise any potential adverse effects of the Royal Household's daily operational activities on Royal Collection interior furniture and furnishings across the Occupied Royal Palaces.

²⁹ The report is available on the NAO website at <https://www.nao.org.uk/>

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- The Collection Care team works to protect the historic interior of the Occupied Royal Palaces, maintaining a balance between operational and conservation requirements.

Highlights of 2024–25 include:

Project

Restoration / re-upholstering,
Buckingham Palace &
Holyroodhouse

Progress during 2024-25

The Craft team has worked to restore or upcycle over 60 items of furniture including several large sofas and armchairs – these works, which can take up to several months for each set, required a combination of re-upholstering and gilding, helping to keep traditional techniques alive, with each set taking several months to complete due to the intricate work involved. Furniture restored includes items for the East Gallery and Bow Room at Buckingham Palace and as well as various rooms at Holyroodhouse.

East Wing, Buckingham Palace

The Historic Interiors team supported the reinstatement of the Wing following the completion of Reservicing works, by installing carpets, curtains and blinds. Sustainable conservation is always a key focus and as part of the reinstatement, the dressing of the windows were re-modelled which has allowed historic window shutters to close efficiently. This will provide energy savings and protect the Royal Collection from the damage caused by ultraviolet light.

State Apartments, Windsor
Castle

Enhanced light-blocking and heat retention in the State Apartments has been achieved by installing new blinds and curtain repairs.

The Craft Team is made up of individuals with various specialist skills and experience. The Royal Household continues to develop training and apprenticeship programmes in craft skills to ensure that there is capacity and resilience to maintain the presentation of the Occupied Royal Palaces. The development of these craft skills and knowledge-sharing beyond the Royal Household helps support the United Kingdom in caring for our cultural heritage.

PERFORMANCE REPORT

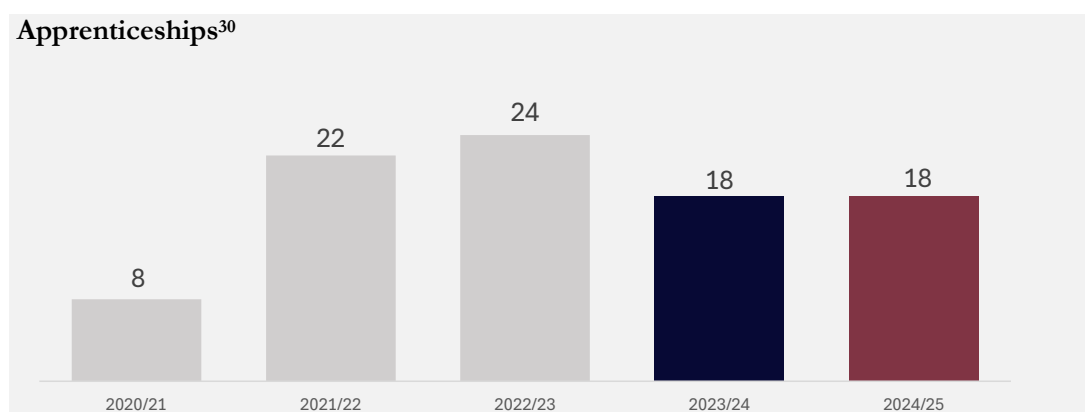
6. Continue to develop a diverse team of well-led, trained, motivated and adaptable professionals

The Royal Household's Human Resources team lead on supporting the Royal Household with the delivery of this objective. The principal activities over the past year can be divided into two distinct areas as outlined below. In addition, the team supported the work around purpose outlined in the overview of the year.

Recruitment and Talent Management

With continuous improvement in mind, a review of recruitment processes has been undertaken during the year with processes being enhanced through a combination of new technologies and enhanced data reporting to ensure the Royal Household can accurately track and understand selection outcomes to understand how these might be improved. 2024-25 also saw a greater focus on succession planning to build resilience and target internal development to promote the growth of a diverse internal talent pool.

The diversity of Royal Household operations provides opportunities for a range of apprenticeships. In 2024-25 apprentices included: electricians, project management, cyber security, operations management, chefs, furniture making, painting and decorating, and horticulture management. This is in addition to the apprentices working on the Buckingham Palace Reservicing programme as outlined on page 30 where a specific target was set to help develop a new generation of construction professionals with experience of working on historic buildings.



Inclusivity & Diversity and Cultural Change

Work has continued in support of the Royal Household's Inclusion and Diversity strategy, which ran to the end of 2024-25. The strategy aims to improve representation, but also critically support a wholesale approach to ensuring the Royal Household's culture is inclusive, encouraging engagement and authenticity across all teams. The past year saw investment in leadership and management development and enhancements to recruitment processes.

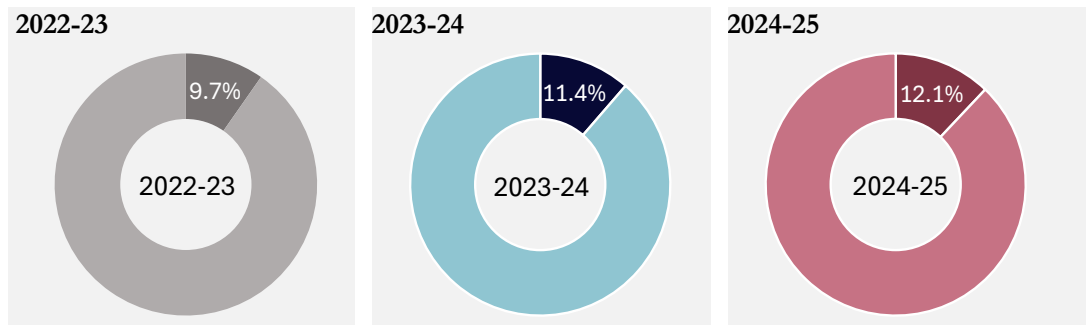
³⁰ Numbers shown are active apprentices in each year with many schemes straddling multiple years (minimum term is 12 months). Numbers are for those employed by the Royal Household and so apprentices who may have worked at the Royal Household through the supply chain are not included.

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An inclusion employee survey was undertaken to which all employees were invited to contribute and focus group discussions were held to inform the revised strategy for 2025-28. This revised strategy has since been finalised.

The Royal Household continues to move towards the 14% minority ethnicity target it set for 31 December 2025 as shown below.

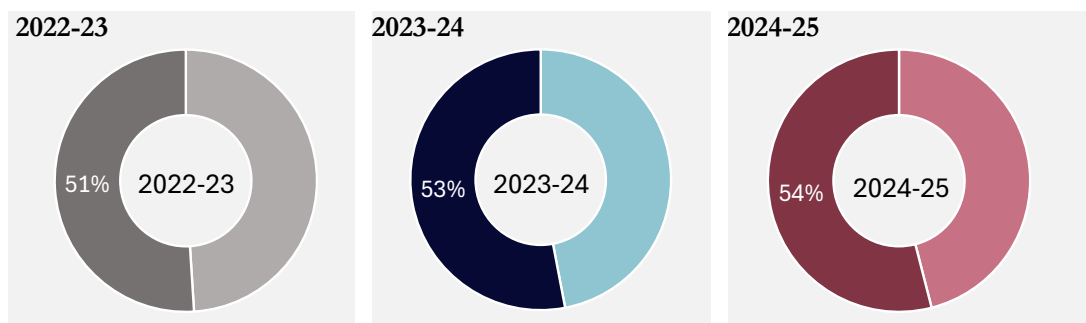
Proportion of ethnic minority employees (31 December 2025 target 14%)³¹



Mean ethnic minority pay gap³²

3.9%

Proportion of female employees³³



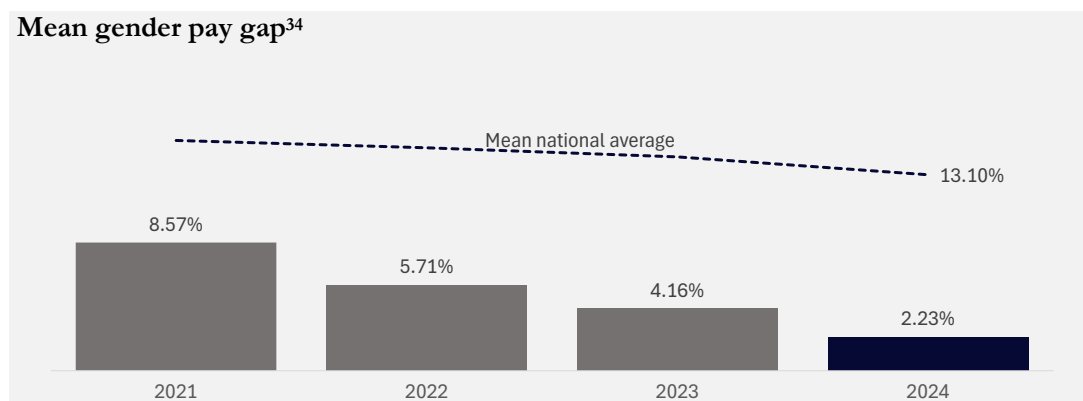
³¹ Including the Royal Collection Trust, as the fifth department of the Royal Household.

³² The mean ethnic minority pay gap is as at 5 April 2024, including the Royal Collection Trust. No national mean is available as this is not yet mandatory reporting.

³³ Employees funded in whole or in part by the Sovereign Grant.

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Mean gender pay gap³⁴



A further breakdown of the Royal Household's ethnic minority and gender statistics are shown in the Remuneration and Staff Report on pages 85 to 86.

The risk that the Royal Household's culture is not felt to be aligned with the values is detailed in the governance statement on page 71.

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 undertaking a benchmarking exercise of Procurement maturity against best-practice to develop a new operating model; preparing for the introduction of the new regulations under the Procurement Act 2023; reviewing financial policies to improve controls and to consider them from an inclusivity perspective; and continuing to improve the annual budgeting and quarterly reforecasting processes to improve transparency and find efficiencies across the Royal Household. An example of this during the year is the review of the Staff Expenses policy, which encourages employees to choose train travel over car from a sustainability perspective and has been reviewed from an inclusion perspective to ensure it treats all groups fairly. Alongside this, the policy around credit card usage has been separated out from the Staff Expenses policy to improve controls in this area.

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

Percentage paid within:	2023-24	2024-25
15 days of receipt of invoice	46%	49%
30 days of receipt of invoice	83%	84%

To further support best value from public money, the Royal Household also seeks to optimise income to supplement the Sovereign Grant refer to page 14 for details.

³⁴ The mean ethnic minority pay gap is as at 5 April 2024, for the King's Household excluding staff employed by Royal Collection Enterprises Limited (as required legally). The regulations require the mean gender pay gap to be published by organisations no later than one year in arrears.

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The Governance Statement on pages 54 to 77 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.

The risks associated with the use of public funds are detailed in the Governance Report on page 69.

8. Ensure business process / infrastructure provides the best possible support and continues to develop
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With an ongoing focus on continuous improvement, the Royal Household has built on the work undertaken in previous years to identify areas for further review and/or improvement. During 2024-25 this has resulted in a review of the procurement operating model as outlined above, approval to introduce an invitation hub to streamline and coordinate processes, and planning for a full review of business continuity planning and crisis management.

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 and has continued to be further refined throughout 2024-25. Refer to the Risk Management section of the Governance Statement for further details.

A programme of internal audit work reviewing and testing business processes has been undertaken during the year and the Head of Audit Services' annual audit opinion is outlined on page 63.

As for many organisations, the pace of delivery of improvements will be impacted by 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.

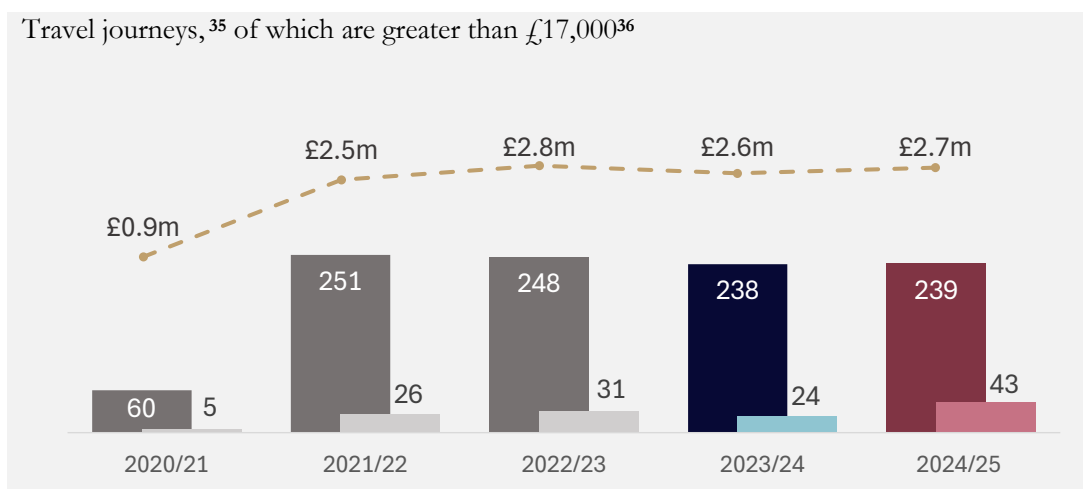
PERFORMANCE REPORT

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 to enable them to undertake a varied programme of public engagements, both within the United Kingdom and overseas as described on page 21. A summary of the activity during 2024-25 is shown below.



Following approval of the Outline Business Case by HM Treasury in February 2023, the Royal Household took delivery of the first of two new helicopters in February 2025 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 on a given day.

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, this will be replaced with a permanent tank in 2025-26 to maximise the use of SAF. As a result of close collaboration with

³⁵ Number of journeys is the total of journeys undertaken by Members of the Royal Family and their staff during each financial year. Scheduled flights & scheduled train journeys where they are not part of a journey above the reporting limit (2024-25: £17,000) are excluded as these are predominantly for members of staff rather than Members of the Royal Family.

³⁶ The journeys undertaken by Members of the Royal Family and their staff during each financial year, which had travel costs of £17,000 or more, met from the Sovereign Grant, is available on the Royal Family website at www.royal.uk. For 2020-21 to 2022-23 the reporting limit was for journeys of £15,000 or more. Where scheduled flights & trains are in respect of journeys with a total cost above the reporting limit, these are included.

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the Ministry of Defence (“MOD”) a 500,000 litre tank at RAF Northolt has been transferred to be a minimum 30% SAF mix.

The programme of overseas visits (other than visits to the Realms) 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 Committee according to agreed priorities.³⁷

Safety, security, the need to minimise disruption for others, the effective use of time, environmental impact and cost are all 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 ³⁸
The King and Queen	State Visit/CHOGM	Samoa	£401,000
The Prince of Wales	Official FCDO	Estonia	£56,000
The King	Official FCDO	Poland	£30,000
The King and Queen	Official FCDO	France (D-Day)	£24,000
The Princess Royal	Official FCDO	Holland	£18,000

In addition, with the agreement of the Royal Visits Committee, the FCDO funded the following overseas visits, which were undertaken at the request of Government, but could not be accommodated within the Royal Household’s budget for 2024-25:

Member of the Royal Family	Type of Visit	To
The Prince of Wales	Notre Dame	France
The Duke of Edinburgh	State Funeral	USA

Not all travel is able to be planned in advance, and the Royal Travel team responded to a number of short notice requests for Members of the Royal Family to attend events during the year, for example:

- His Majesty interrupted His holiday to visit Southport a couple of weeks after the tragic knife attacks.
- The Prince of Wales attended the ceremony to reopen Notre Dame Cathedral in Paris
- The Duke of Edinburgh attended the funeral for President Carter in Washington
- The Duchess of Edinburgh undertook a trip to Ukraine.

The risks associated with Travel are detailed in the Governance Report on page 70.

³⁷ 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.

³⁸ Including the cost of associated staff travel.

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DIGITAL SERVICES

Cyber security remained a core focus for 2024-25 and will continue to do so for the foreseeable future. During the year the Royal Household was certified against the National Cyber Security Centre's (NCSC) Cyber Essentials plus Scheme (awarded in December 2024) and undertook the first evaluation against the NCSC's Cyber Assurance Framework (CAF).

In addition, the Cyber and Incident Response strategy was refreshed; this outlines work, including external penetration testing, desktop exercising, continuing renewal against the NCSC's Cyber Essentials plus Scheme and periodic evaluation against the NCSC's CAF.

Further to this, in support of the strategy, work has continued to ensure all digital devices are running the latest operating systems and are within the manufacturers' support cycle. The supplier assurance process has been refreshed with greater emphasis on advisory outputs and linking it more closely with procurement and supplier management.

Other activity included:

- the provision of technical support to Their Majesties CHOGM visit to Samoa, ensuring administrative functions of the visit ran smoothly; and
- general network and WiFi improvements throughout Buckingham Palace to support office moves linked to the Reservicing Programme.

During 2024-25, there were no data breach incidents to report to the Information Commissioner's Office (2023-24: none).

The risks associated with digital safety are detailed in the Governance Report on page 69.

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SUSTAINABILITY REPORT

OVERVIEW AND STRATEGIC AIMS

Responding to the global challenge of the climate and ecological crises requires creativity, ambition and crucially practical action. The Royal Household recognises its role in reducing greenhouse gas emissions, restoring nature, supporting and collaborating with those doing the same and inspiring others to join the journey.

While the Sustainability Programme covers the work of the Occupied Royal Palaces, the Royal Collection Trust and the Private Estates, this report focuses only on those activities funded by the Sovereign Grant. It does not, therefore, describe the wider programme, 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), the work that The King encourages and inspires (through convening and shining a light on the important endeavours of others), nor the Prince of Wales' work (Earthshot).

As set out in the 2023-24 annual report, there are six key areas of activity: 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.

During 2024-25, the Sustainability Programme has built solid foundations, focusing on consolidating the six key areas of activity: establishing the Royal Household's carbon footprint, developing the high-level pathway to Net Zero for direct emissions by 2040, enhancing internal and external communications, building staff engagement, knowledge and capability, establishing a governance framework, and identifying appropriate external partnerships. As the programme matures, the scope has broadened to reflect the interconnectivity of action for people, the climate and nature. With work now aligning under these three areas, top level targets have been established for 2025-26 to measure progress. These targets are underpinned by developing Departmental Action Plans that set clear goals and owners. Action plans are now in place for the majority of departments with the remainder to be established during 2025-26.

The Household's Sustainability Team developed during the year, bringing together Nature expertise through a Nature Officer secondment from Natural England, a Sustainability Data Reporting Manager, an Energy and Environment Manager, and a placement role to provide an entry route into the profession.

In 2025-26, feasibility analyses for the large-scale decarbonisation initiatives will be completed with the intention for this to enable on site work to begin 2026-27. An indirect emissions reduction pathway will be developed with a focus on working with suppliers. Nature surveys will provide a baseline across the Royal Household, with targeted habitat enhancement programmes begun. Managing climate-related risk and embedding sustainability into processes, training and communications will remain priorities.

The Royal Household recognises the importance of leadership through action, including working with suppliers and partners, but also through acknowledging that change is complex and challenging. As the Sustainability Programme matures, the Royal Household is working to ensure,

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through external relationships and engagement, that each action enables and accelerates the wider transition to a sustainable future.

2024-25 DATA AND REPORTING

Data improvement

During 2024-25, a Sustainability Data Reporting Manager joined the Sustainability Team and has been leading the work across departments to improve the Green House Gas (GHG) emissions data. This work has involved reviewing the Royal Household's approach to data processing and developing a clear methodology and robust procedures with the aim of providing confidence and consistency. In addition, and to ensure external assurance, work has been underway with external consultants, The Carbon Trust, on a gap analysis of the Royal Household's footprint and recommendations to support bringing GHG emissions data processes to audit standard. This work will be used to guide further development and streamlining of the footprint data, the quality of the data and data collection mechanisms over the coming year.

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

Reporting for 2024-25 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 2025-26 will be to increase the granularity of the Scope 3 footprint, with focus on high impact areas, to ensure indirect emissions are addressed in the carbon reduction pathway.

Due to the nature of the Royal Household, there will be year-on-year variance in the footprint, depending on the activities carried out. Specifically, as Reservicing work is carried out in Buckingham Palace, areas are brought into and out of service, which impacts the energy usage and emissions profile.

The approach to data reporting is intentionally transparent and continues to evolve in line with good practice. It is not unusual for work to improve and expand the data collection and reporting to result in a year-on-year variance. The Royal Household continuously seeks to improve the quality of its data and to use the latest and most accurate industry models. Given this, environmental reporting is an evolving area and inevitably involves certain estimates and assumptions.

Greenhouse Gas Emissions ("GHG")

Total Scope 1, 2 and 3 emissions have decreased slightly from the previous year falling 2% during 2024-25, this is primarily driven by a reduction in helicopter emissions due to uptake of Sustainable Aviation Fuel, and a decrease in staff vehicle usage.

Business travel emissions in 2024-25 were 1% higher than 2023-24 because of an increase in air emissions as a result of the visit to Samoa. Travel emissions will continue to fluctuate each year depending on requests from Government for tours involving long-haul charter flights.

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Whilst reducing travel emissions is highly reliant on external factors, there has been pro-active work over the year to increase the use of Sustainable Aviation Fuel and steady progress in transitioning the vehicle fleet with charging infrastructure installed at Windsor Castle and the Buckingham Palace Royal Mews. One of two official Bentleys was converted to ethanol with the remaining car scheduled for transition in 2025-26.

As the Household decarbonises, moving away from gas towards renewable energy, electricity use is expected to rise. To mitigate this the Energy Working Group will focus on optimising usage.

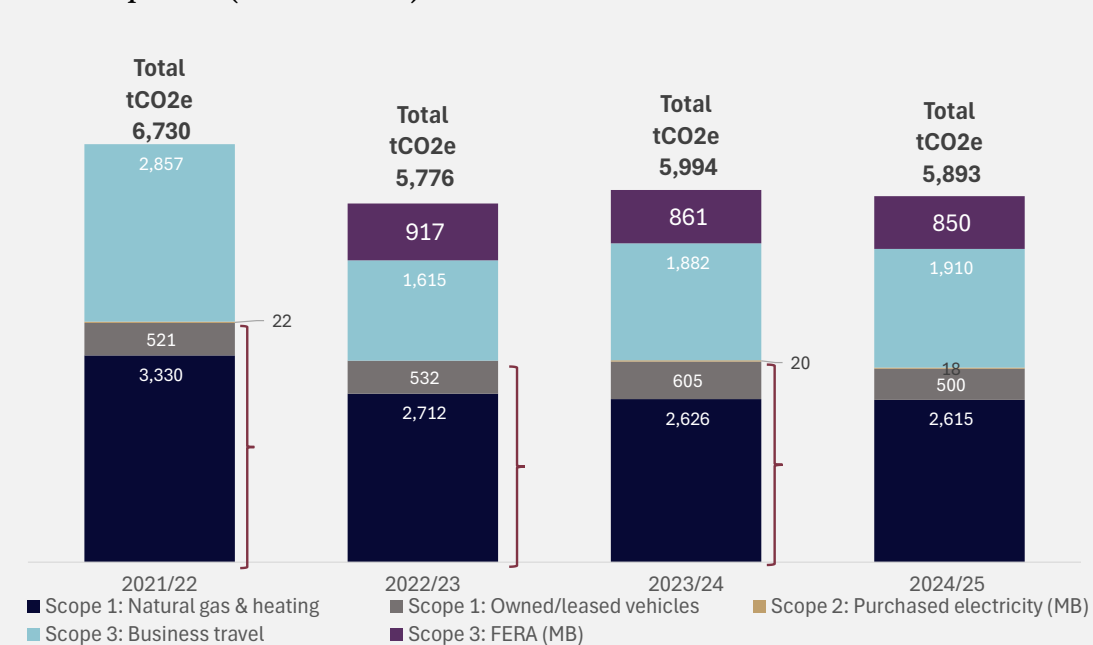
Renewable energy certificates (REGOs) have been purchased through the energy provider and are reflected in market-based reporting, but emphasis is shifting towards direct renewable energy sourcing and no offsets have been procured. The Royal Household has collaborated with their new energy supplier to introduce a renewable electricity matching supply contract. This provides the ability to match the electricity the Royal Household uses directly with renewable sources in the United Kingdom, and enhances visibility through a live data dashboard.

Market Based

Market-based emissions: emissions from electricity usage calculated by taking into account the sources of the energy purchased (e.g., validated renewable sources) and the corresponding emissions actually released into the atmosphere (i.e., as a result of the purchase of non-renewable sources).

Carbon emissions from purchased electricity in 2024-25 decreased by 10% on a market basis due to a mixture of improved data and the transfer of smaller electricity contracts to renewable energy.

Total Scope 1 – 3 (Market Based) tCO₂e

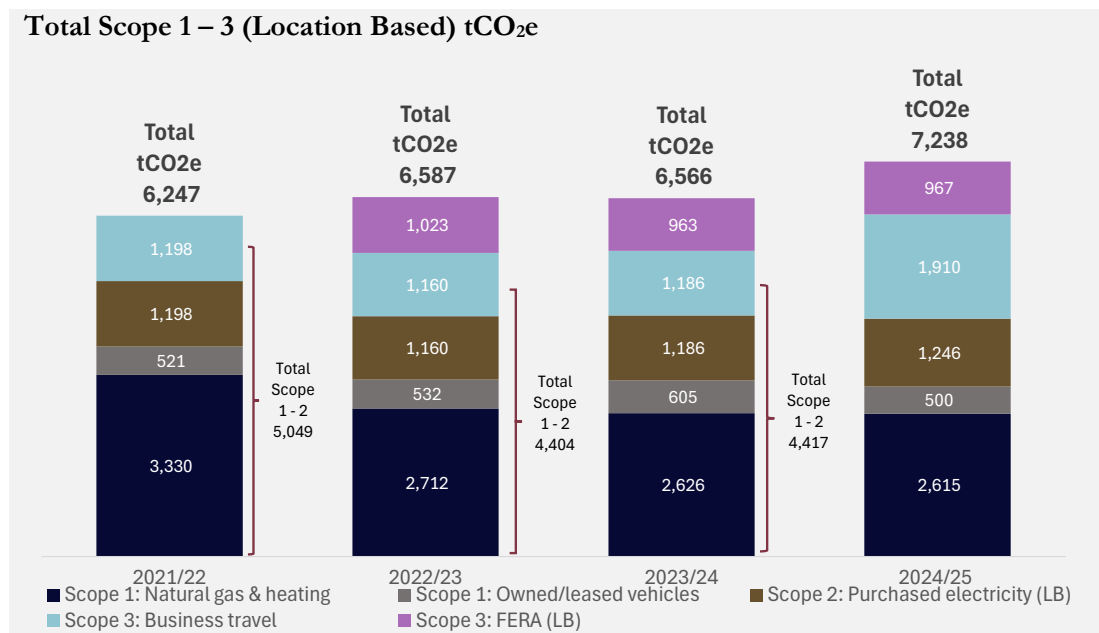


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Location Based

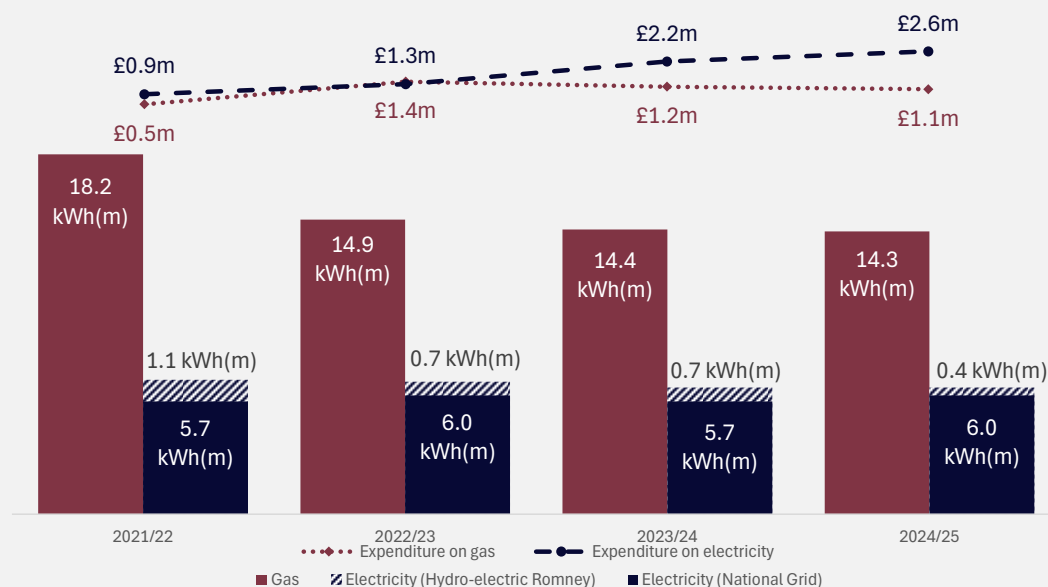
Location-based emissions: emissions from electricity usage calculated in accordance with the spread of energy sources in the National Grid over the year in question (e.g., fossil fuels and renewables)

Carbon emissions from purchased electricity in 2024-25 increased by 5% on a location basis in part due to an increased reliance on grid electricity resulting from reduced generation at Romney hydro which was out of service for periods of time from May 2024 to March 2025. This increased reliance on the National Grid has also resulted in an increase cost for electricity despite flat consumption compared to 2023-25.



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Energy Consumption and Financial indicators



Please see Appendix 2 for the data in tabular form.

The Royal Household remains confident in delivering emission reductions in line with a 2040 net zero target for direct emissions. Within the pathway the aim is for steady reduction with significant drops following completion of each of the larger decarbonisation projects.

Quantification and reporting of greenhouse gas (GHG) emissions are in accordance with the GHG Protocol, using the operational control approach. Energy use data has been collated and converted into carbon dioxide equivalent (CO₂e), using the UK Government 2023 Conversion Factors, in order to calculate emissions from corresponding activity data. GHG Emissions are reported as both location-based and market-based, in line with the GHG Protocol Scope 2 reporting guidance.

Water

In 2024-25, 0.17 million cubic metres of water from public suppliers was used across the Estate (2023-24: 0.14 million cubic metres). This increase is linked to the move at Windsor Castle from an unmetered private supply to a metered public supply halfway through the year. A behavioural change programme to encourage water efficiency is planned to commence in 2025-26 with the aim of reducing the volume of water used across sites.

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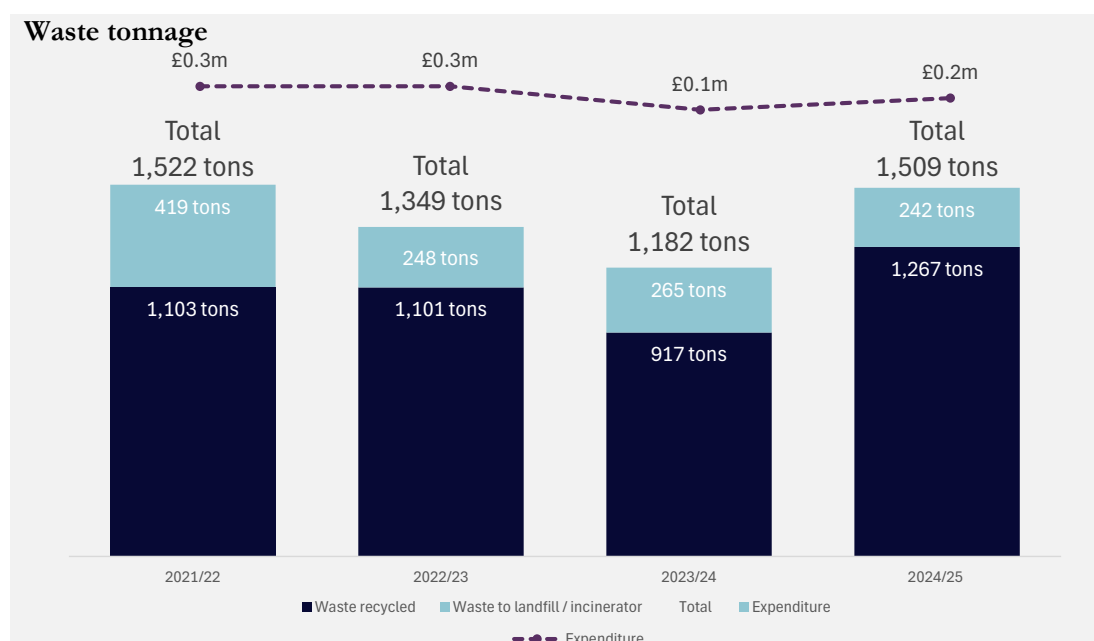
Digital Hardware and Digital Services

Over the year work has been underway to reduce the number of individual devices with the final transition from desktops to laptops helping to reduce associated emissions. There has also been progress in establishing secure e-waste recycling routes to improve circularity and the accuracy of waste data. In 2025-26 there will be a renewed focus on integrating sustainability into digital procurement and work on supporting more sustainable operations across the Household including promoting car sharing coordination and monitoring and responding to hybrid working needs. The Digital team are also exploring work with Property to expand and develop the Building Management System.

Waste

In 2024-25, 1,509 tonnes of waste was produced across the Royal Household (2023-24: 1,182 tonnes, 2022-23: 1,349 tonnes), a 28% increase. Methods of measuring green waste and horse waste have been improved at Windsor resulting in a more accurate representation of waste volumes in this area, this has caused the increase in total waste reported. Green waste produced at Marlborough House Mews, Clarence House and Kensington Palace has also been included for the first time. Waste generated and removed by works contractors is not included. The tonnage of waste recycled includes gardens and horse waste from London and Windsor.

In December 2024, a food waste recycling service was introduced at Kensington Palace through the Royal Borough of Kensington and Chelsea (RBKC). In Windsor there has been concerted effort to further embed sustainable waste management practices and increase the recycling figure. Improvements have been made to visitor route recycling facilities and waste signage has been enhanced. A communication campaign has also been developed to support and engage stakeholders to recycle their waste where possible. The volume of staff and visitor waste generated at Windsor has fallen by 5% this year. In 2025-26 the appointment of a new waste partner in London will improve the availability of accurate waste figures and provide greater visibility of data to support behavioural change work. There is likely to be a rise in reported waste volumes as the new centralised contract in London provides higher quality and more detailed data waste



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2024-25 ACTIVITIES AND PROGRESS

Our Pathway to Net Zero

From a baseline year of 2022-23, the Royal Household has a Net Zero carbon target of 2040 for direct emissions. The pathway to an interim 2030 target focuses on four core initiatives: connecting the central London estate to heat networks and/or on-site generation, installing heat pumps at Windsor Castle, the electrification of the vehicle fleet where possible, and replacing helicopter and chartered aircraft jet fuel with Sustainable Aviation Fuel (SAF).

The viability of connecting Buckingham Palace and the Buckingham Palace Royal Mews into the South Westminster Area Heat Network (SWAN) is currently being assessed, with a connection survey having taken place in February 2025. Over the past year the Household has worked alongside Westminster City Council, convening local stakeholders to develop shared responses to overcome barriers to heat network delivery.

At Windsor Castle, feasibility work for the transition from gas to electric by 2030 has begun. A range of learning visits took place in 2024-25 to see new technologies in action and draw on experience from a wide range of partners. Given the complexity of the project, feasibility is expected to continue over 2025-26 with delivery beginning in 2026-27, dependent on funding. The building decarbonisation work is being led by a new Senior Project Manager recruited in January 2025.

At Kensington Palace an initial feasibility study in partnership with Historic Royal Palaces is helping develop a site wide approach to decarbonisation.

During 2024-25, in addition to the introduction of a SAF tank at RAF Odiham (see page 37), another step forward in the use of SAF for flights came through a close collaboration with the Ministry of Defence (MOD), enabling the transfer of a 500,000-litre tank at RAF Northolt to a minimum 30% SAF mix. This will support the Household in reaching its 2030 targets, while also opening up the option of SAF use to private users on site. In parallel, the Household continues to encourage the evolution of SAF sourcing.

The move towards a majority electric vehicle fleet continued in 2024-25 with six new charging points now in place at Buckingham Palace Royal Mews and six more being installed at Windsor Sports Ground car park in 2025-26. These are in addition to those already in place at Kensington Palace, Windsor Castle and St James's Palace.

While the projects above remain the focus of activity, they will take a number of years to come to fruition and provide emission reductions, so a range of smaller projects are also underway to support the decarbonisation target. For 2024-25 these included the installation of a small rooftop solar array at Windsor Castle and a range of domestic air source heat pumps.

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Resource Efficiency

Alongside decarbonisation there has been a renewed emphasis on resource efficiency. The Energy Working Group meets quarterly to understand data trends and identify actions to increase efficiency. Water data has been improved and a behavioural campaign is planned for 2025-26. The foundations of a waste reduction plan are in place with a composting trial and new provider being contracted in London in 2025-26 with successful engagement already providing a reduction in waste at Windsor

Nature

During the year, a Nature Officer has been seconded to the Royal Household, in recognition of the impact of the nature crisis and the importance of taking action to enhance biodiversity. By bringing in this external expertise, it has been possible to expand and accelerate work, setting a target on land managed for nature by 2030.³⁹ Over the last year, activity has focused on developing an enhanced survey programme, upskilling staff and initial work on an overarching Nature Plan.

Through delivery of the survey programme over the coming year, it will be possible to develop an understanding of the state of nature across Royal Household sites and identify areas to focus activity to ensure the target is met. Neighbouring landowners, The Royal Parks and The Crown Estate, have fed into planning to align approaches and maximise benefits across the wider landscape. The developing Nature Plan has also been informed by discussion with external bodies including Natural England, the Natural History Museum, the Soil Association and the Royal Horticultural Society.

Small pilot projects are in development across the Royal Household gardens to increase biodiversity and to make use of nature-based solutions to tackle climate-change challenges. In addition, progress has been made on bringing visitors and staff closer to nature, in particular through projects, such as the re-development of the East Terrace Gardens at Windsor Castle (see page 26), participation in citizen science nature surveys and training of Royal Collection Trust wardens.

People

Building on the foundations established at the start of the programme, this year sees the development and enhancement of internal communication and engagement. In addition to context setting and information on why and how the Royal Household is taking action on the nature and climate crises, internal communications have focused on opportunities for individuals to take action at work and at home. These continue to be developed and updated alongside a programme of case studies on sustainability projects happening across departments, and a speaker series. The creation and focus of these resources have been guided by the results of an environmental sustainability staff survey undertaken in September 2024.

³⁹ In line with the UK Government target and global 30by30 target agreed at the UN Biodiversity Summit (COP15) this aims to ensure that 30% of Household land is conserved and managed for nature, making progress towards in-situ conservation outcomes and that these outcomes are sustained over the long term.

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Alongside the updated resource hub, department-specific sessions and wider briefings involving a total of over 400 employees have raised awareness of the programme and provided staff with the knowledge to support action across the Royal Household. In the coming year, there will be a focus on Carbon Literacy training and campaigns on water efficiency and volunteering.

A pilot programme called *Ideas into Action* was released at the beginning of March 2025. This initiative, open to all staff, has been designed to support individuals and teams in developing a solution to a workplace environmental sustainability challenge that they have identified.

Continuing work to upskill senior staff on sustainability and to support informed decision-making, workshop sessions were held during the Autumn on climate and nature-related risk. These workshops focused on identifying, assessing and approaches to managing the Royal Household's physical and transition risk and opportunity, as well as supporting external disclosure requirements.

External partnerships continue to develop and strengthen around core areas of delivery. Over the year, knowledge exchange visits for Royal Household teams took place around new technologies, conservation skills development and biodiversity enhancement. In addition, the Royal Household continues its close links with peer-to-peer networks, such as Fit for the Future, the Association of Leading Visitor Attractions (ALVA) sustainability group and South Ken ZEN+.

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. The details of the Royal Household's governance structure, including in respect of the Sustainability Programme is shown in the Governance Statement on pages 54 to 74.

In addition to the Royal Household's overarching governance structure, two cross-departmental working groups support delivery:

- **Decarbonisation Steering Group:** Property-led group to coordinate activity and oversee delivery of the Net Zero pathway initiatives, including identifying and reviewing emerging technology.
- **Energy Working Group:** parallel group focused on identifying and coordinating delivery of action to optimise resource efficiency.

PERFORMANCE REPORT

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 for the public sector. Climate-related risk remains a high priority for the Royal Household and in 2024-25, work has progressed in alignment with disclosure compliance recommended by the TCFD including on:

- **Governance:** Board oversight and management's role in assessing and managing climate-related risks and opportunities (see the Governance Statement on pages 54 to 74 for details on the Governance of the Sustainability Programme).
- **Metrics and Targets:** metrics used by the Royal Household to assess climate-related risks in line with the sustainability strategy and risk management process, including Scope 1 and 2 GHG emissions (pages 41 to 43) and the decarbonisation pathway targets used by the Royal Household, including performance to date.
- **Risk Management:** processes for identifying and assessing and managing climate-related risks and how these processes are integrated into the Royal Household's overall risk management (page 65).

As part of the disclosures, in line with stage two of the TCFD public-sector phased disclosure recommendations, a more detailed report is included below:

Governance

The Lord Chamberlain's Committee (LCC) is the ultimate owner of risk and oversees the Royal Household's Sustainability Programme, receiving bi-annual updates. Climate change and the potential of disconnect between His Majesty's leadership and Royal Household actions has been identified as a principal risk, and controls are reported to the LCC. The Audit and Risk Committee (ARAC) reviews the overall risk management processes and internal control systems, and receives bi-annual updates, while the Risk Committee oversees the operational response to risk, with the Sustainability Programme subject to a deep-dive discussion bi-annually. The day-to-day decision making and management of the Sustainability Programme plans are the responsibility of the Operations Committee, which receives quarterly updates. See page 58 for more details of the Operations Committee.

Strategy and risk management

Environmental Sustainability is a core part of organisational Purpose and detail on progress is set out in the Sustainability Report (page 40). This year, the Royal Household has undertaken work to better identify, assess and manage our climate-related risks and opportunities. The impacts of climate change on the Royal Household have been reviewed and discussed through workshops with internal stakeholders and grouped into short-, medium- and long-term risks. Through this process, a combined Sustainability and TCFD risk register has been created, aligned with the Enterprise Risk Management ("ERM") framework (see page 65). The short-term risks are a combination of physical risk including flooding and storm damage and transition risks such as energy price fluctuation and the introduction of new technologies. The short-term risks from this register are reported in the ERM with a single combined 'umbrella' risk reported to the LCC. Actions against risks are set against named owners and feature on both the TCFD risk register

PERFORMANCE REPORT

and in departmental risk registers to ensure visibility. Progress against these actions are reported as part of the bi-annual updates to the LCC.

This year, significant progress has been made in setting the foundations of the Net Zero pathway, moving all of the major initiatives forward. A nature positive pathway is in development and initial identification of the Royal Household's impacts and dependencies is underway. In 2025-26 further staff workshops will help draw out how key physical and transition risks will be impacted by different scenarios and timeframes.

Metrics

For a number of years, the Royal Household has been reporting Scope 1, 2 and areas of Scope 3 GHG emissions (see pages 41 to 43). A 2040 Net Zero target for direct emissions has been set with all scopes Net Zero by 2050.⁴⁰ Four key initiatives have been identified to reach an interim 2030 target for direct emissions against a 2022-23 baseline. The bulk of the emissions reductions will be delivered through the electrification of heating, with some initiatives highly dependent on external partners and the wider transition. Given the substantial nature of the building projects and the Royal Household's historic estate, these projects require careful planning. As a result, whilst a substantive reduction in emissions is not yet evident, there is substantial work underway on feasibility and funding, and emissions are expected to start falling from 2028.

In 2025-26, metrics underpinning other key impact areas will be reviewed, as part of the work to set specific commitments and enhance disclosures. Scope 3 supplier emissions and overall data quality will also be improved to enhance data monitoring and reporting.

⁴⁰ Direct emissions are from sources that are owned or controlled by the reporting entity.

PERFORMANCE REPORT

FUTURE PLANS

During 2025-26 plans include:

- Providing support to Their Majesties and other Members of the Royal Family, including in respect of Inward and Outward State Visits, including:
 - the State Visit to the Italian Republic in April 2025;
 - an Inward State Visit by the President of the French Republic in July 2025, and
 - the planned Inward State Visit by the President of the United States of America;
 - the planned State Visit to the Holy See in April 2025 had to be postponed due to Pope Francis's health, it is intended to reschedule this for a future date.
- The programme of work to embed the purpose, through the values and priorities outlined in this report, will continue. This will include a leadership development programme, a review of the Royal Household's "employer proposition" and recruitment branding and capability building to strengthen the feedback culture to align to the values.
- Develop robust transition planning around nature and carbon targets in order to build on the foundations of the Sustainability Programme. Work will include:
 - the acceleration of work on core initiatives to enable the development of costed delivery plans to 2030, with an initial focus on the Windsor Castle feasibility study;
 - develop Scope 3 granularity using external carbon emission tools;
 - accelerate resource efficiency work with behavioural change programmes in partnership with the Royal Household's suppliers on waste, water and energy;
 - develop and commence delivery of a Nature Plan including a programme of survey, landscape and management plans and key habitat enhancement projects; and
 - further develop the approach to climate and nature related risks and opportunities through scenario analysis.
- The second of two new helicopters was delivered during April 2025, ahead of a busy summer programme of official engagements. This will reduce dependency on fixed wing aircraft, increase SAF usage and ultimately realise the benefits in the Outline Business Case.
- The process to decommission the Royal Train, in anticipation of the expiry of the current contract in March 2027, will commence during the year. This decision has been made due to:
 - the cost associated with the storage and maintenance of the Royal Train versus the level of usage;
 - the significant level of investment which would be required to keep the Royal Train in operation beyond 2027; and
 - the two new helicopters providing a reliable alternative.
- Prioritisation of the conservation and care for the Occupied Royal Palaces, with the increase to the core Sovereign Grant for 2025-26 providing significant additional funds to deliver an expanded annual works programme. Significant projects include:
 - replacing the fire alarm systems across the estate over five years;
 - a decarbonisation feasibility study for Windsor Castle to identify options for moving away from gas heating in the main Castle and associate environs; and
 - a full condition survey across the entire Occupied Royal Places estate allowing a renewed 10-year plan of works to be completed. The last full survey was completed in 2017 due to the restrictions of Covid-19 limiting the reach of the survey undertaken in 2020.

PERFORMANCE REPORT

- Buckingham Palace Reservicing will enter its ninth year, with key activities including:
 - the completion of the Palace Wide Infrastructure project;
 - delivery of the next phases of the West Wing works in the State Apartments;
 - continuation of the South Wing Main section works and commencement of the North Wing works, both of which focus mainly on reservicing of the wing with limited operational improvements; and
 - preparation for the works in 2026-27 including design development, procurement, delivery strategy and Programme close out.
- Due to the ongoing Buckingham Palace Reservicing programme there will be periods of time in 2025-26 where function space within Buckingham Palace will be limited, where necessary large events will be held at alternative Occupied Royal Palaces, such as Windsor Castle or St James's Palace.
- To ensure the ongoing resilience of the Royal Household is robust and that unforeseen circumstances can be dealt with in a timely and efficient manner, there will be a continued focus on cyber security, as well as on business continuity and crisis management.
- In order to continue to drive value for money, a new procurement operating model will be introduced, with a focus on embedding sustainability through enhancing the Procurement Strategy, including setting sustainable sourcing principles for the most material areas of operations and updating the supplier charter to reflect the priorities underpinning the purpose.
- Work will commence to outline the case for the renegotiation of the Sovereign Grant beyond the current agreed period. This will set out the high-level priorities for The Royal Household for 2027-32 and demonstrate how the Sovereign Grant delivers value for money.

PERFORMANCE REPORT

GOING CONCERN

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:

- 2024-25 financial year resulted in a net surplus, increasing the Sovereign Grant Reserve from £5.5 million to £8.3 million (see Finance Review on pages 13 to 16).
- Confirmation from the Royal Trustees of the amount of the Sovereign Grant for 2025-26 at £132 million.
- Approving the Three-Year plan 2025-28 which includes plans to further increase the Sovereign Grant Reserve to act as contingency for unforeseen circumstances.
- The projected Sovereign Grant for 2026-27, as outlined in the Royal Trustees Review published in July 2023, which is sufficient to provide the agreed budget of £369 million for the Buckingham Palace Reservicing Programme by the end of 2026-27, whilst also maintaining appropriate levels of Core Sovereign Grant.

James Chalmers
Keeper of the Privy Purse
24 June 2025

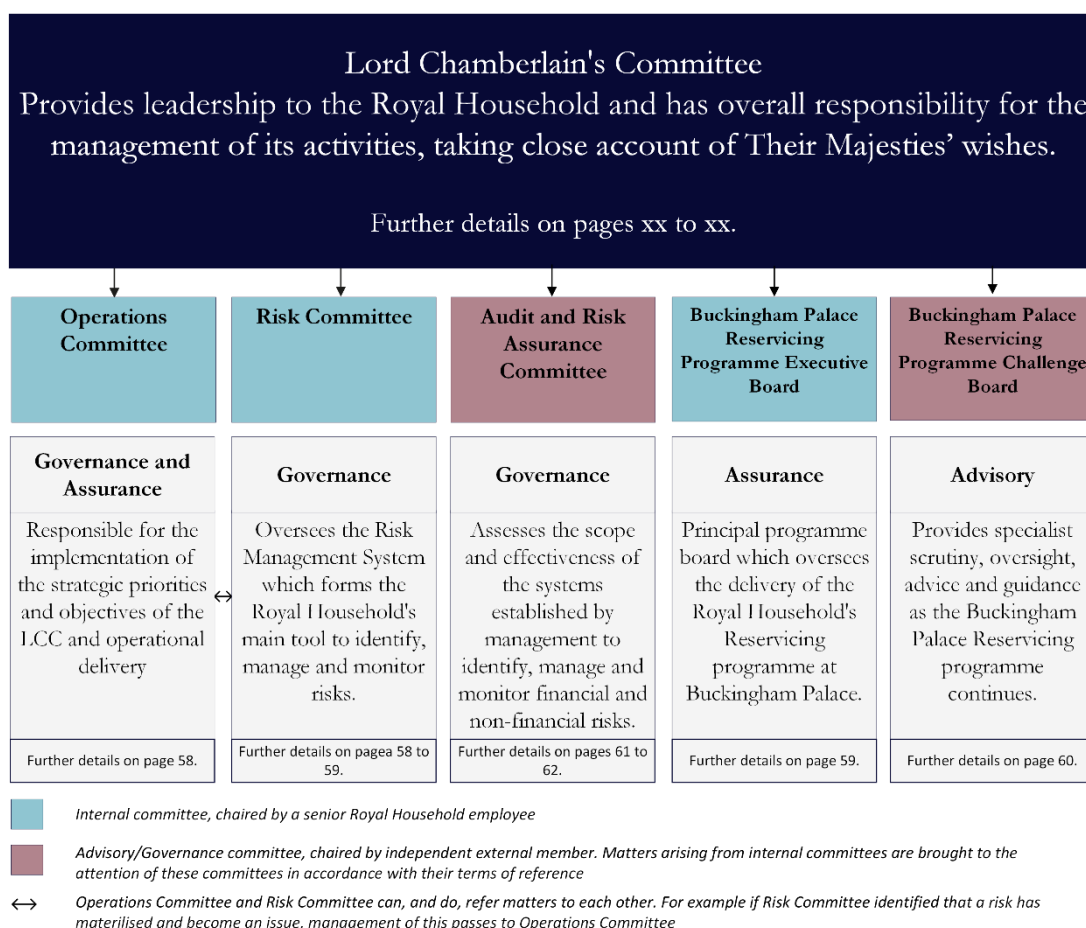
ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE STATEMENT

The corporate 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 2024 to 31 March 2025 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

The diagram below provides an overview of the Governance Framework for the Royal Household, highlighting the key committees through which overarching governance is maintained.⁴¹



⁴¹ Further supporting committees exist in respect of specialist areas and report into LCC, for example in respect of security management.

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Lord Chamberlain's Committee

The primary responsibility of the Lord Chamberlain's Committee is to ensure 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 Lord Chamberlain's Committee will consider issues and topics that are strategic, have high impact and/or cross-Household implications. In addition, the Board is responsible for:

Strategic direction and decision making: provides leadership to the organisation, setting out the long-term strategic direction as well as a set of priorities that directly apply to the Royal Household, but will inform the activities of other Households and the Royal Collection Trust. The committee sets a tone and embodies the desired organisational culture. Furthermore, it ensures the Royal Household's purpose, structure, culture, performance, strategic priorities, and decision making are aligned and actively monitored.

Risk management: accountable for the governance of risk, which includes agreeing the Royal Household's risk appetite, assessing risks relative to the organisation's strategic goals. Responsibility for the management, identification and oversight of risks is delegated to the Risk Committee.

Financial management: ensures the efficient use of Sovereign Grant, agrees the 3-year plan and monitors performance.

Major projects: scrutinises, challenges and approves large projects with significant financial implications.

Sustainability: provides strategic oversight of the Sustainability Programme and reviews progress, including against the Royal Household's emissions profile (twice annually).

During 2024-25 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, updates on major projects such as the Buckingham Palace Reservicing Programme, Senior Appointments and Departmental re-structuring. Other areas of focus in the year included inclusivity and diversity, communications, cyber security, the Enterprise Risk Management framework and sustainability.

As outlined in 'Supporting committees' on page 58, the Lord Chamberlain's Committee delegates certain responsibilities to subsidiary boards and committees.

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 in respect of the Sovereign Grant.

ACCOUNTABILITY REPORT

The Lord Chamberlain's Committee's Performance

The Lord Chamberlain's Committee is committed to undertaking a review of its effectiveness every three years. During 2024-25, an Internal Audit of Governance has been undertaken, although this did not focus on the effectiveness of the Committees reviewed. A review of the Terms of reference is planned for July 2025, and an informal review of the Committee's effectiveness was carried out in April 2025. In 2025-26, consideration will be given to the implementation of periodic externally facilitated board performance reviews for the LCC.

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 year (2024-25: 9 times, 2023-24: 8 times). Its members, and the attendance record for the year are set out below:

ACCOUNTABILITY REPORT

		Meetings attended in 2024-25 ⁴²
Non-Executive Chair:		
• Lord Chamberlain	The Lord Benyon of Englefield (since October 2024) ⁴³	5/5
• Lord Chamberlain	The Lord Parker of Minsmere (until October 2024)	5/5
Heads of Departments:		
• Principal Private Secretary to The King and Queen	The Rt. Hon. Sir Clive Alderton	5/9
• Private Secretary to The Queen	Ms Sophie Densham	8/9
• Keeper of the Privy Purse	James Chalmers (since 1 January 2025) ⁴⁴	4/4
• Keeper of the Privy Purse	Sir Michael Stevens (until 31 December 2024)	7/7
• Master of the Household	Vice Admiral Sir Tony Johnstone-Burt	9/9
• Comptroller, Lord Chamberlain's Office	Lt Col. Michael Vernon	9/9
• Director of the Royal Collection	Mr. Tim Knox	9/9
Non-Executive members:		
• Private Secretary to The Prince of Wales	Mr. Ian Patrick	6/9
• Private Secretary to The Princess of Wales	Lt. Col. Tom White	5/9
• Chair of the Audit and Risk Assurance Committee	Ms Sharmila Nebhrajani	4/9
• Independent Member	Ms Carol Hui	9/9

⁴² Attendance is shown relative to the number of meetings an individual could have attended in their role, i.e. for individuals joining / leaving during 2024-25 the number of meetings will be less than the total for the year.

⁴³ Attended LCC as Lord Chamberlain in designate in October 2024

⁴⁴ Attended LCC as Keeper of the Privy Purse in designate from 4 November 2024

ACCOUNTABILITY REPORT

Supporting committees

There are a number of committees in place to support the Lord Chamberlain's Committee to meet its objectives:

Operations Committee is responsible for ensuring the implementation of the Lord Chamberlain's Committee agreed strategic priorities. Its objectives are to lead the implementation of plans across The Royal Household, monitor performance, and ensure plans are suitably future focussed. The committee ensures the right structures, culture, capability and infrastructure are in place to deliver current plans and future requirements.

Responsibilities include:

- Ensuring the active liaison and collaboration between different parts of the Royal Household to support the execution of priorities and business plans.
- Actively manage and monitor operational and financial performance against objectives and key performance indicators.
- Supporting the Risk Committee in ensuring risk management activities are fully embedded in core business processes and that a culture of integrated risk management and compliance is championed across the organisation.
- Supporting and/or approving proposals for organisational change and improvement programmes and oversee their implementation.
- Ensuring effective management and use of the Sovereign Grant.
- Overseeing the implementation of the Sustainability Programme and reviewing progress against the Royal Household's emissions profile (quarterly).

The Committee is chaired by the Deputy Master of the Household 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 Operations Committee met 11 times during 2023-24, and the Chair attends each Lord Chamberlain's Committee meeting to report proceedings.

Risk Committee: brings together individuals from the Royal Household who are accountable for key strategic and operational risk areas, together with subject matter experts. The Committee assists the Lord Chamberlain's Committee and ARAC in its oversight of the effectiveness of the Royal Household's Enterprise Risk Management Framework described further in the Risk Management section, page 65. In doing so the committee will advise and assist the Lord Chamberlain's Committee and ARAC in reviewing The Royal Household's responsibilities, strategies, policies, conduct and performance of its risk management approach, and assurance of the adequacy and effectiveness of the management and control of such risks. Ensuring achievement of Royal Household's aims and objectives, it will support risk owners to identify, assess and manage risk across the whole risk register universe.

ACCOUNTABILITY REPORT

The activities of the Risk Committee further include:

- 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.
- Advising the Lord Chamberlain's Committee to the appropriateness of the Royal Household's culture and reward systems for managing risk and internal controls, and the extent to which an appropriate risk culture is embedded at all levels. Support a culture that emphasises and demonstrates the benefits of a pro-active approach to risk management.
- Reviewing and commenting on the Sovereign Grant annual internal audit plan, ensuring significant risks are covered, and monitoring management's responsiveness to internal audit findings and recommendations that relate to risk management and mitigation.
- Ensuring robust business continuity plans are in place, escalating matters to the Lord Chamberlain's Committee as required.
- Reviewing the adequacy of risk management resources (people, tools, processes) to enable them to perform their respective functions in first and second lines of defence effectively to support The Royal Household's overall Risk Management strategy, and to make appropriate recommendations to them on all significant matters relating to the risk strategy and policies.

The Risk Committee is chaired by the Deputy Treasurer to The King and comprises of leaders from across the Royal Household and a senior representative from The Household of The Prince and Princess of Wales.

The Risk Committee met 11 times during 2024-25. The Chair of the Risk Committee attends each Lord Chamberlain's Committee meeting to report on its proceedings and is a member of the Operations Committee, meeting periodically with the Operations Committee Chair, and with the Secretary to the Lord Chamberlain's Committee, to align agendas.

The Buckingham Palace Reservicing Programme Executive Board ("PEB") – PEB is the principal programme board which oversees the delivery of the Royal Household's Reservicing Programme at Buckingham Palace.

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 representatives 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.

The PEB met 12 times during 2024-25.

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The Buckingham Palace Reservicing Programme Challenge Board (“PCB”) – 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 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 across the construction industry. Membership of the PCB includes Mr David Fairbrother, Treasury Officer of Accounts and Deputy Director Public Services Group in HM Treasury; Dr David Hancock from the National Infrastructure and Service Transformation Authority; Mr Stuart Love, Chief Executive of Westminster City Council; Mr Charlie Parker, former Chief Executive of the States of Jersey; Dr Karen Miller, a former 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.

The PCB meets quarterly and met 4 times during 2024-25.

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 a sub-committee of the Lord Chamberlain's Committee. It is responsible for reviewing the comprehensiveness of assurances given in respect of risk, control and governance. Accordingly, the Committee reviews the reliability and integrity of these assurances in the areas of the Royal Household funded by the Sovereign Grant and the Sovereign Grant Reserve Fund. In addition, the Committee considers the assurances to the Master of the Household (as Senior Responsible Owner) with regard to the Buckingham Palace Reservicing Programme.

Other areas on which the Audit and Risk Committee will advise the Lord Chamberlain's Committee include:

- The strategic processes for risk management, including reviewing the risk profile and register.
- The high level control and governance framework and the effectiveness of its operation.
- 'Value for money' by evaluating and advising on the suitability of financial practices, internal controls and effective governance processes.
- The effectiveness of the design and operation of financial systems and controls.
- The effectiveness of the design and operation of the sustainability programme.
- The planned activity and results of both internal and external audit.
- Anti-fraud policies and whistle-blowing processes.
- Business continuity planning and crisis management.

The independent Chair of the Audit and Risk Assurance Committee reports to the Lord Chamberlain's Committee after every meeting and provides an annual report on the Audit and Risk Assurance Committee's activities and responsibilities to support approval of the Annual Report and Accounts (this report) by the Lord Chamberlain's Committee. The Keeper of the Privy Purse, Deputy Treasurer to The King, Finance Director (Sovereign Grant), Master of the Household, Head of Internal Audit, and a representative of the external auditors and of HM Treasury attend meetings at the invitation of 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 and recommends any necessary changes to the Lord Chamberlain's Committee. The results of the most recent evaluation which were considered in November 2024, included recommendations to enhance performance assessment and succession planning for ARAC members, including ensuring members have the appropriate balance of skills to oversee all organisational key risks (e.g. sustainability).

Matters dealt with by the Committee during 2024-25 include:

- Review of the Royal Household's risk management and assurance processes, the Household's Department risk profile and LCC risk profile (see section on Enterprise Risk Management on page 65), and reports from specialist risk consultants where appropriate.
- Review of the implementation of audit recommendations in respect of cyber security, including provision of appropriate advice in this key area.
- Review of progress on the Buckingham Palace Reservicing Programme.

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- Oversight of significant non-Reservicing property projects, including a review of progress.
- Review of effectiveness of internal and external audit, agreement of audit plans and monitoring management's responsiveness to internal and external audit findings and the recommendations of other external bodies where relevant.
- Review of reports from internal and external auditors and management. Ensuring robust policies and procedures are in place for assessing and managing fraud, theft and bribery.
- 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's related risk, disclosures and compliance, ensuring sufficient external assurance is in place (annually).
- Review of the proposed changes to the cost allocations outlined in the 2025-26 Treasury Finance Manual, outlining recharges with related entities.
- Consideration of monthly financial performance reports and the 2025-26 Budget.

Members of the Audit and Risk Assurance Committee

Members of the ARAC shall be appointed by the Lord Chamberlain's 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 not less than three times a year. The membership of the Committee is set out below with the attendance record for the year:

Audit & Risk Assurance Committee	Meetings attended
Ms Sharmila Nebhrajani (Chair)	3/3
Mr Malcolm Reading	2/3
Ms Jacky Wright	2/3
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 Committee (see page 80).

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, Director of Security Liaison, Director of Human Resources 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.

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GOVERNANCE ACTIVITIES DURING THE YEAR

A programme of internal audit work for the twelve-month period beginning 1 April 2024 was agreed by the Audit and Risk Assurance Committee at its meeting held on 25 March 2024. The Audit and Risk Assurance Committee reviews internal audit reports at each meeting. At the meetings held in November 2024 and March 2025, 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 Internal Audit 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 General Data Protection Regulation, Learning and Development Compliance Training, Recruitment, Onboarding and Security Clearance Process and Procurement.

The Head of Internal Audit's 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, plans are in place for remediation and progress is closely monitored.

Matters considered by the Audit and Risk Assurance Committee to be significant to the 2024-25 financial statements included Digital Services risks, with a focus on the management of cyber and information risks; procurement policies and operations; and the Reservicing programme.

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.

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.

Disclosure and Concern at Work 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. While concerns about the conduct of other employees can be reported to their line managers, under the provisions of the Public Interest Disclosure Act, the Royal Household has a 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 and Concern at Work Policy sets out the means by which concerns can be raised with an employee's manager, or if more serious appropriately escalated

ACCOUNTABILITY REPORT

from within the organisation and be brought to the attention of Human Resources, Security Liaison, Audit Services and the Audit and Risk Assurance Committee.

The policy outlines how concerns can also be raised anonymously using the Employee Assistance Programme hotline.

Declaration of Interests and Receipt of Gifts and Hospitality

The Royal Household endorses the Nolan Principles of Public Life and is active in maintaining the highest 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.

Senior members of Royal Household staff, and non-executive members of the Lord Chamberlain's Committee and Audit and 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 2025, 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

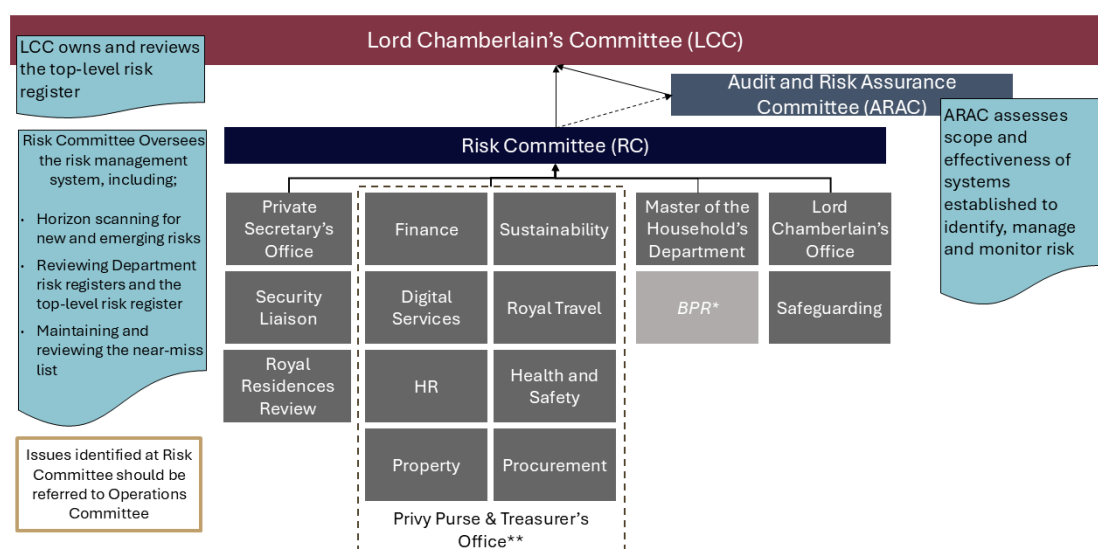
Introduction

During 2024, the Risk Committee has continued to oversee the embedding of the Enterprise Risk Management (ERM) Framework, introduced in 2023, which has led to a significant increase in maturity in the way risks are identified, assessed, managed and monitored.

Risk Governance

As outlined in the Supporting committees section on page 58 the Risk Committee is responsible for Risk Management and has a clear reporting route into the Lord Chamberlain's Committee.

The ERM Framework utilises a top-down and bottom-up approach to risk, which is outlined in the diagram below.



* Risks relating to the Buckingham Palace Reservicing Programme are managed under a separate, sophisticated risk management system which has been in place since 2017. The most significant risks are reported to the Risk Committee on a bi-annual basis.

** Due to the nature of PPTO, there is no PPTO departmental risk register, rather there are separate risk registers for each of the functions shown.

The Lord Chamberlain's Committee is accountable for the identification and management of top-level and emerging risks. The top-level risk register represents the most significant risks which could impact the Royal Household's ability to achieve its strategic objectives. Each risk on this top-level risk register is owned by a member of the Lord Chamberlain's Committee and is managed with the support of other senior members of the Household. The Lord Chamberlain's Committee reviews the top-level risk register monthly, as well as hearing from risk owners as part of a rolling programme of risk deep-dives.

As well as regularly reviewing and updating the top-level risk register, The Risk Committee provides departments across the Royal Household with the advice, tools and support needed to understand and manage risks at a departmental level. The Risk Committee is responsible for reviewing and challenging the completeness of the department-level risk registers on at least a bi-annual basis as well as identifying emerging risk areas which warrant focus. Activities during the year included the following:

ACCOUNTABILITY REPORT

- Continued to develop, test and implement the new Enterprise Risk Management (ERM) System.
- Established and trained a network of Risk Champions to support the identification and management of risk at the department-level.
- Established new departmental and significant programme risk registers, including; Procurement, Sustainability, Royal Residences Review Programme, Health and Safety, Safeguarding, and started their formal bi-annual review in the Risk Committee.
- Regularly debated, discussed and constructively challenged emerging risks and horizon scanning.
- Reviewed internal audit actions where additional risks needed consideration.
- Provided oversight of the assessment of climate related risk and opportunities as part of the TCFD reporting, identifying, assessing and reporting on climate risk.

Individual departmental leads, supported by Risk Champions, are responsible for managing risk within their areas 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, escalated risks from the department risk profile (see page 68), and the Royal Household's internal control systems and has reported its findings to Lord Chamberlain's Committee as set out on pages 61 to 62.

Risk management process

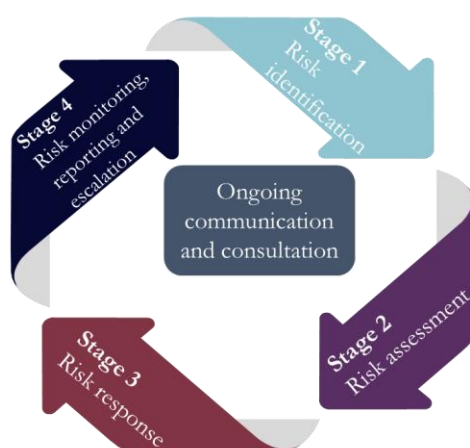
The ERM process, shown below, supports a consistent and robust identification and management of Risk across the Royal Household.

Step 4: Risk Monitoring, Reporting and Escalation

- Capture & report risk information on a timely basis in line with reporting requirement
- Escalate risks in line with criteria
- Risk owners to monitor risks on a regular basis

Step 3: Risk Response

- Select the appropriate risk response if difference is identified between Residual and Target score
- Identify further actions if necessary



Step 1: Risk Identification

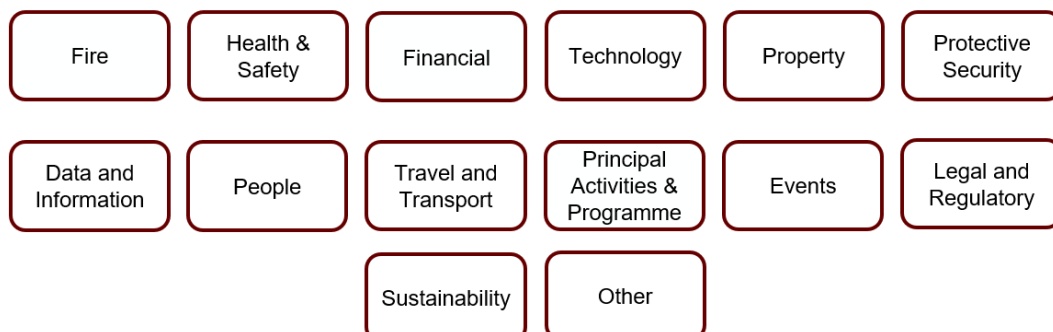
- Identify and describe all key risks to achieving objectives, using 'cause, event, consequence' structure
- Allocate a single risk owner for each risk who has overall accountability for the management of the risk
- Select a category

Step 2: Risk Assessment

- Determine the likelihood and impact of each risk, using common assessment criteria
- Identify current controls
- Assess all risks on an Inherent, Residual & Target basis

ACCOUNTABILITY REPORT

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. These categories are:



Each risk has an allocated Risk Owner; a named individual, who has single point of accountability for the effective management of a risk. The Risk Owner may delegate specific actions to individual action Owners.

Risk Scoring Methodology

The likelihood and impact of each risk is assessed on an inherent, residual and target basis using a standardised risk assessment criteria.

This allows prioritisation of risks, a greater level of understanding of the effects of controls and supports more informed decision-making regarding risk response options; avoid, reduce, transfer or accept.

The impact of a risk is established by considering its potential effects on the achievement of the Royal Household's objectives. All risks are assessed against the following categories of impact, with the highest potential impact across all categories determining the risk impact rating:

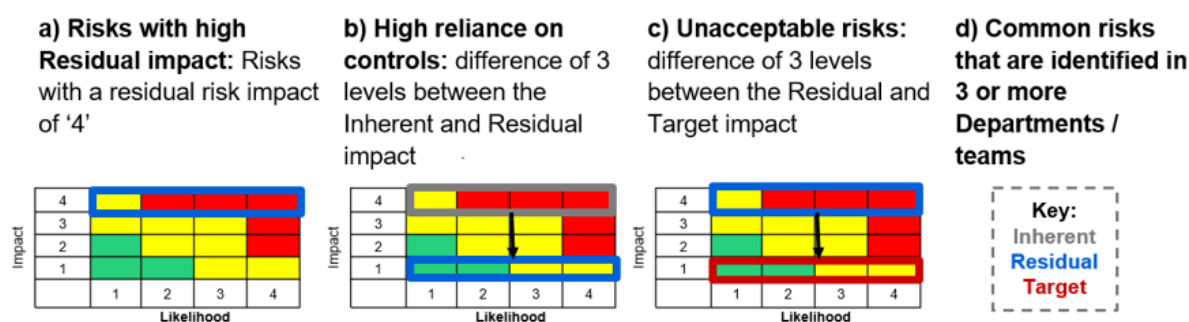
- Financial
- Reputational
- Regulatory/Compliance
- Health & Safety
- Infrastructure
- Systems and Data
- People and Culture
- Environmental

ACCOUNTABILITY REPORT

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. The exception to this is in respect of climate related risks, which are longer term, as outlined in the Sustainability report on page 40.

Escalating risks

The ERM Framework includes four escalation criteria as shown below:



Risks from the department risk profile which meet these criteria are prioritised for discussion by the Risk Committee and are escalated to the Lord Chamberlain's Committee and ARAC for further input or decision making where required.

Emerging risks

There are several 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

An interactive dashboard is used to summarise the department risk registers and enables 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.

Future Developments

Over the coming year, the Royal Household remains committed to further advancing its approach to Enterprise Risk Management (ERM). The Risk Committee will undertake a self-assessment to evaluate its effectiveness and identify opportunities to enhance both its operations and the quality of risk reporting. In addition, the Household aims to strengthen its organisational resilience by focusing on the continued development of its business continuity and crisis management capabilities.

ACCOUNTABILITY REPORT




Principal risks


Pages 69 to 72 set out what the Royal Household believes to be the most significant risks impacting the Sovereign Grant. Whilst a physical security risk is included in the Royal Household's principal risk register, the details of this are not included as Sovereign Grant expenditure excludes the cost of physical security.

Key

Each of the Principal Risks has been assigned a High, Medium or Low risk likelihood rating. This rating indicates how the Household perceives the residual risk likelihood as at March 2025.

The directional arrows at the end of each risk description indicate how the Household perceives the change in residual risk likelihood from April 2024 to March 2025. A directional trend has not been indicated for new risks that have been identified during the year, or for risks where the nature has evolved significantly and hence a direct year-on-year comparison is not suitable.

Increase  Decrease  No change 


Risk description	Key controls and activities to manage risk
<p>Inappropriate use of public funds</p> <p>Ineffective monitoring of expenditure could lead to the actual or perceived misuse of public funds, the perception that the Monarchy does not provide value for money, and/or reduction in funding. In turn, a reduction in Sovereign Grant funds may mean that there are insufficient funds available to deliver our long-term strategic goals.</p> <p>Risk rating: Low</p> <p>Change: </p>	<ul style="list-style-type: none"> • A robust system of financial and non-financial processes and controls, including relevant policies, subject to regular internal audit, and including oversight via the Governance framework described on pages 54 to 60. • 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. • Buckingham Palace Reservicing Programme receives monthly scrutiny of Programme Finances by Finance Review Group (FRG) and Commercial Review Group (CRG). • NAO completed a Value For Money Assessment for the Buckingham Palace Reservicing Programme in 2024.
<p>Cyber</p> <p>An evolving threat landscape – including increasingly sophisticated threat actors and a rise in people-focussed attacks – presents an ongoing risk that, unless mitigated with sufficient technical</p>	<ul style="list-style-type: none"> • Cyber Security Resilience Strategy approved by the LCC in 2024. • Ongoing compliance with Cyber Essentials Plus. • Assessment against the NCSC Cyber Assessment Framework (CAF) every two years.

ACCOUNTABILITY REPORT

Risk description

governance/maintenance, and embedding of a positive cyber security culture, could lead to the Royal Household systems or data being compromised/interrupted/damaged. This could result in disruption to operations, loss of sensitive data, reputational damage, financial loss or fines.

Risk rating: High

Change: 

Key controls and activities to manage risk

- Regular penetration testing of applications, networks and systems.
- Training in cyber security and data protection is carried out on induction and annually thereafter.
- Periodic awareness campaigns and phishing simulations.
- Established Data Owners and Data Stewards network.

Travel Safety

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.

Risk rating: Low

Change: 



- Annual review of the Royal Travel Safety Management System by the Aviation Safety Review Board, chaired by the Accountable Manager. Includes review of compliance. This year, an extraordinary Safety Review Board was held to review the preparations for transitioning to new helicopters.
- Annual Emergency Response Plan exercises.
- Monthly compliance audit by third party consultant.
- Periodic external audit of Air Safety Management System by the Civil Aviation Authority.
- Annual Royal Train Review held, including Network Rail audit.
- New helicopter fleet resulting in upgraded safety features and rigorous training of pilots on the new aircraft.

Fire

Outdated and unsupported fire systems, or ineffective procedures could lead to an uncontrollable fire at a Royal Residence (in particular Buckingham Palace due to the current Reservicing Programme) that may result in harm to individuals, damage to property, financial and asset loss and organisational disruption.

- Fire Safety Policy & Procedures communicated to all staff and contractors.
- Comprehensive Fire Alarm System across the estate which is supported by full time Fire Safety Teams and 24 hours /7 day Fire Control Rooms in London and Windsor.
- BPR Fire Prevention Board meet monthly to review fire safety on the BPR programme.
- Periodic reviews by Crown Fire Inspectorate and emergency exercises at London and Windsor with

ACCOUNTABILITY REPORT

Risk description	Key controls and activities to manage risk
<p>Risk rating: High</p> <p>Change: </p>	<p>local fire brigades and resulting actions implemented.</p> <ul style="list-style-type: none"> • Close liaison with local fire and rescue services. • Programme to upgrade fire systems across Occupied Royal Palaces by 2028/29, at an anticipated cost of £10 million.
<p>Sustainability</p> <p>A lack of progress in the Royal Household reducing its impact on nature and the planet, may undermine the urgent need to address the impact of climate change.</p> <p>Risk rating: Medium</p> <p>Change: </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, including a pathway to Net Zero. For more information, please see Sustainability Report on page 40. • Completed climate change risk assessment covering both physical and transition risks to support the royal Household in managing climate-related risk. • The team has been expanded as outlined in the Sustainability Report. • Feasibility studies planned in order to establish funding required, starting with Windsor Castle as discussed on page 51. • A priority area for additional resources in 3 year business plan.
<p>Embedding Household Values and Organisational Culture⁴⁵</p> <p>Insufficient embedding and leadership role modelling of an inclusive culture and the Royal Household's values may lead to an organisational culture that does not foster diversity, fails to meet the expectations of our employees, or tolerates poor behaviour. This could inhibit in the Royal Household's ability to recruit and retain quality staff with appropriate skills and experience, may result in reduced morale and performance, burnout, an incident of a non-inclusive or discriminatory nature, reputational damage and potential legal action.</p>	<ul style="list-style-type: none"> • Inclusion & Diversity Strategy owned by the Lord Chamberlain and supported by the Inclusion & Diversity Working Group. • Organisational Values to clarify and reinforce expected behavioural standards of everyone who works for and with The Royal Household agreed and launched. • Organisational values embedded in new performance management processes and in peer-to-peer recognition scheme. • 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 pulse survey and listening exercises to understand employee experience.

⁴⁵ This risk replaces the previous risk 'Inclusive Culture' which was closed during the year and had a risk rating of 'low' in the 2023-24 Annual Report and Accounts.

ACCOUNTABILITY REPORT

Risk description	Key controls and activities to manage risk
<p>Risk rating: Medium</p> <p>Change: N/A - New risk</p>	<ul style="list-style-type: none"> • New Inclusive Leadership development programme for 150 leaders and managers. • Training and other resources available for all staff. • Staff surveys to assess impact.
<p>Insufficient funds to deliver strategic priorities</p> <p>An inability to demonstrate how Sovereign Grant funds are being spent wisely to support the delivery of the Royal Household's measurable strategic priorities may lead to the Sovereign Grant being reduced further than anticipated upon renewal in 2027. This, together with pressure on Government spending and reputational challenges, could result in insufficient funds being available to deliver the Royal Household's long-term goals, including decarbonisation of the estate and net zero by 2040.</p> <p>Risk rating: Medium</p> <p>Change: N/A - new risk</p>	<ul style="list-style-type: none"> • Annual scrutiny of Sovereign Grant net expenditure by the NAO. • Annual budget approval process, ongoing management of performance and Scheme of Delegation. <p>Over the course of 2025-26 the Household plans to:</p> <ul style="list-style-type: none"> • Develop the Purpose in Action framework into a strategic plan with measurable Key Performance Indicators to demonstrate that public funds will be spent wisely to meet agreed strategic objectives, with the Household as a purpose-led organisation making a positive impact on society. • Develop an engagement strategy to articulate the key priorities for the next Sovereign Grant term to key internal and external stakeholder groups. • Continue to demonstrate that the Royal Household has delivered value for money over the current Sovereign Grant term.

ACCOUNTABILITY REPORT

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”),⁴⁶ 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 the Royal Household’s 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 of the principles and complied with all of 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 via the intranet and staff surveys, with verbal briefings undertaken for significant updates.
- Provision 11 – Board composition: The Lord Chamberlain’s Committee, as the Board equivalent, currently has six executive members and five non-executive members, with only two of the non-executive members considered to be independent. The Government Corporate Governance code (2017) 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 five non-executive members, there is considered to be sufficient experience from the commercial private sector or complex public sector organisations.⁴⁷
- 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. Where appropriate non-executive members, namely the Chair of the Audit Committee, is involved in the appointment of new members of the LCC, for example in respect of the new Accounting Officer during 2024-25.
- Provision 16: Company secretary: Given the size and structure of the Royal Household, there is no individual assigned the equivalent role of company secretary. Governance responsibilities have been delegated across relevant roles.
- Principle K – consideration should be given to the length of service of the board as a whole and membership regularly refreshed; and Principle L – Annual evaluation of the

⁴⁶ The Code is publicly available on the Financial Reporting Council (FRC) website, [frc.org.uk](https://www.frc.org.uk)

⁴⁷ 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/617617/cgc-2017.pdf)

ACCOUNTABILITY REPORT

board should consider its composition, diversity and how effectively members work together to achieve objectives. 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.

- 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 the 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. During 2024-25, an Internal Audit of Governance has been undertaken, although this did not focus on the effectiveness of the Committees reviewed. A review of the Terms of reference for the LCC is planned for June 2025, and an informal review of the Committee's effectiveness was carried out in earlier this year. In 2025, consideration will be given to the implementation of periodic externally facilitated board performance reviews for the LCC.
- 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, for example if a significant departure from standard pay scales was being discussed.

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.

ACCOUNTABILITY REPORT

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:

- 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.

ACCOUNTABILITY REPORT

SUMMARY

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

The supporting committees of the Lord Chamberlain's Committee 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.

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 high 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.

James Chalmers

Keeper of the Privy Purse

24 June 2025

ACCOUNTABILITY REPORT

REMUNERATION AND STAFF REPORT

EXECUTIVE REMUNERATION (AUDITED)

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.

The table below shows 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).

<i>Year to 31 March 2025</i>	Salary	Non-Consolidated payment	Other salary	Total Salary	Pension Payments	Total Remuneration
	(£'000)	(£'000)	(£'000)	(£'000)	(nearest £'000)	(£'000)
The Rt. Hon. Lord Benyon (from 1 October 2024)	60-65	-	-	60-65	9	70-75
<i>Full year, full time equivalent salary</i>				205-210		
The Lord Parker of Minsmere*	95-100	5-10	15-20	120-125	16	135-140
(to 31 October 2024)						
<i>Full year, full time equivalent salary</i>				215-220		
The Rt. Hon. Sir Clive Alderton	230-235	-	-	230-235	54	285-290
James Chalmers	30-35	-	-	30-35	5	35-40
(from 1 January 2025)						
<i>Full year, full time equivalent salary</i>				210-215		
Sir Michael Stevens*	95-100	5-10	0-5	105-110	27	135-140
(to 31 December 2024)						
<i>Full year, full time equivalent salary</i>				225-230		
Vice Admiral Sir Tony Johnstone-Burt*	175-180	5-10	-	185-190	28	215-220
Lt Col. Michael Vernon	110-115	-	-	110-115	17	130-135
Ms Sophie Densham	110-115	-	-	110-115	17	130-135

ACCOUNTABILITY REPORT

<i>Year to 31 March 2024</i>	Salary	Non-Consolidated payment	Other salary	Total Salary	Pension Payments	Total Remuneration
	(£'000)	(£'000)	(£'000)	(£'000)	(nearest £'000)	(£'000)
The Lord Parker of Minsmere* (to 31 October 2024) <i>Full time equivalent salary</i>	165-170	0-5	-	165-170	25	190-195
				210-215		
The Rt. Hon. Sir Clive Alderton	215-220	-	-	215-220	52	265-270
Sir Michael Stevens* <i>Full time equivalent salary</i>	125-130	5-10	-	135-140	34	170-175
				225-230		
Vice Admiral Sir Tony Johnstone-Burt*	160-165	0-5	-	165-170	24	190-195
Lt Col. Michael Vernon	105-110	-	-	105-110	16	120-125
Ms Sophie Densham	105-110	-	-	105-110	16	120-125

* Contribution received as cash in lieu of pension.

ACCOUNTABILITY REPORT

Notes on Executive Remuneration

The salaries of the Lord Chamberlain's Committee are set with reference to senior officials in publicly funded bodies.

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

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.

The Lord Parker of Minsmere's salary include payments in lieu of annual leave in the year 2024-25.

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. The Rt. Hon. Sir Clive Alderton was provided with housing for the better performance of his duties with rent deducted from salary at a rate agreed with HM Treasury.

James Chalmers full time equivalent salary includes remuneration for duties to the Privy Purse, which is not paid for by the Sovereign Grant. James Chalmers is a trustee of Historic Royal Palaces but does not receive remuneration for his services.

Sir Michael Stevens full time equivalent salary includes remuneration for duties to the Privy Purse, which is not paid for by the Sovereign Grant. Salary includes payments in lieu of annual leave in the year 2024-25. Since 1 January 2025 Sir Michael Stevens has earned £25,000-£30,000 in his capacity as an advisor. Sir Michael is a Council Member of the Duchy of Lancaster and does not receive remuneration for services.

Vice Admiral Sir Tony Johnstone-Burt was provided with housing for the better performance of his duties with rent deducted from salary at a rate agreed with HM Treasury. During 2024-25 Vice Admiral Sir Tony Johnstone-Burt was provided with a temporary allowance to recognise his position as Senior Responsible Officer on the Buckingham Palace Reservicing Programme, given the change in Accounting Officer.

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 Rt. Hon. Lord Benyon, Rt. Hon. Sir Clive Alderton, James Chalmers and Sir Tony Johnstone-Burt are trustees of the Royal Collection Trust, but do not receive any remuneration for their services.

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 (2024-25: £5,000-£10,000; 2023-24: £5,000-£10,000).

ACCOUNTABILITY REPORT

Ms Carol Hui is a Non-Executive member of the Lord Chamberlain's Committee and is remunerated for attendance at meetings (2024-25: £5,000-£10,000; 2023-24: £5,000-£10,000).

Fair Pay Disclosure (audited)

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 Committee member in the financial year 2024-25 was £230,000-£235,000 (2023-24: £225,000-£230,000). 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 2024-25 or 2023-24.

	Lower quartile		Median		Upper quartile	
	2024-25	2023-24 (restated)	2024-25	2023-24 (restated)	2024-25	2023-24 (restated)
Total remuneration	28,810	27,204	34,766	32,222	47,488	44,995
Pay ratio	8.1	8.4	6.7	7.1	4.9	5.1

2023-24 figures have been restated to reflect a reclassification of salary costs.

Implementation of the pay award increased staff remuneration against the highest paid director and reduced the ratio of all quartiles. The median pay ratio is consistent with the pay policy

The highest paid member of the Lord Chamberlain's Committee of 2023-24 departed the Committee in 31 December 2024, but continued to be a part-time member of staff during the year.

In 2023-24 no member of staff received remuneration in excess of the highest paid Lord Chamberlain's Committee member.

Remuneration (FTE) ranged from £23,474 to £230,000-£235,000 (2023-24: £22,031 to £225,000-£230,000).

ACCOUNTABILITY REPORT

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

<i>As at 31 March (audited)</i>	2025	2024 (restated)
Sovereign Grant remuneration increase/(decrease) from previous financial year:		
Highest paid LCC member	1.3%	6.0%
Average of all staff, excluding the highest paid LCC member (FTE)	6.4%	3.9%

As the highest paid LCC member changed during the year, the 1.3% increase represents the difference between these two individuals' salaries, rather than the pay rise received by the highest paid LCC member during 2024-25.

The average percentage change in salary and allowances from the previous year for all staff reflects the movements in pay and grading and includes the payment of the National Living Wage increase backdated to 1 April 2024.

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, and support is provided to applicants with disabilities or to employees who become disabled to ensure their development and career progression continues. Family Friendly policies, including enhanced paid maternity, parental, shared parental leave and neonatal 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 (audited)

Further details of Staff numbers and an analysis of Staff costs can be found in Note 4 on page 122.

<i>Year to 31 March</i>	2025	2024	2025	2024	2025	2024
	Permanent		Fixed term contract		Total	
Average number of Full Time Equivalent (FTE) staff paid from the Sovereign Grant ¹	511	508	28	15	539	523
					2025	2024
					£'m	£'m
Cost of FTE staff					30.0	27.9
External consultancy spend					1.7	1.7
Agency staff costs (mostly related to Reservicing Programme)					2.6	2.5

Payroll costs have increased in 2024-25 as vacancies were filled and new roles were approved to enable the prioritisation of key areas of activity, such as property services.

The average number of days of employee absence due to sickness in 2024-25 was 3.4 (2023-24: 5.7).

¹ Average number of Full Time Equivalent (FTE) staff paid from the Sovereign Grant refers to the average number of FTE who received pay during the reporting period and is calculated as the sum of FTEs each month, divided by 12. It is important to note this metric does not represent the total number of individuals employed (headcount) or the total number of roles (establishment). It can vary year on year depending on a number of factors including vacancies, periods of unpaid leave, fluctuations in part-time staff or fluctuations in the recharges to related parties where a shared service is provided on a pro-rated basis.

ACCOUNTABILITY REPORT

Exit packages (audited)

There was 1 exit package for agreed departures in the year (2023-24: 3) 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
	2024-25 (2023-24)	2024-25 (2023-24)	2024-25 (2023-24)
< £10,000	- (-)	- (-)	- (-)
£10,001 to £25,000	- (-)	1 (1)	1 (1)
£25,001 to £50,000	- (1)	- (-)	- (1)
£50,001 to £75,000	- (-)	- (1)	- (1)
> £75,000	- (-)	- (-)	- (-)
Total no. of exit packages	- (1)	1 (2)	1 (3)
Expenditure on exit packages (£'000)			18 (97)

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>	2025	2024	2025	2024	2025	2024
	Men		Women		Total	
Equivalent to Senior Civil Service grades, including members of the Lord Chamberlain's Committee	24	21	13	13	37	34
	65%	62%	35%	38%	100%	100%
Other grades	265	257	320	304	585	561
	45%	46%	55%	54%	100%	100%
Total number of FTE staff	289	278	333	317	622	595
	46%	47%	54%	53%	100%	100%
Membership of The Lord Chamberlain's Committee	8	8	3	3	11	11
	73%	73%	27%	27%	100%	100%
Membership of the Operations Committee	7	6	4	5	11	11
	64%	55%	36%	45%	100%	100%
Membership of the Risk Committee	7	6	6	5	13	11
	54%	55%	46%	45%	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 King's 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 2024 was 13.1%.

ACCOUNTABILITY REPORT

Proportion of ethnic minority employees *(unaudited)*

<i>As at 31 March</i>	2025	2024	
Overall			
including NED members of the Lord Chamberlain's Committee	12.1%	11.4%	December 2025 target 14%.
Senior Roles			
including NED members of the Lord Chamberlain's Committee	11.6%	11.4%	

The mean ethnic minority pay gap for the Royal Household at 5 April 2024 was 3.9%.⁴⁹

James Chalmers
Keeper of the Privy Purse
24 June 2025

⁴⁹ 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.
- 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.
- 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.

James Chalmers
Keeper of the Privy Purse
24 June 2025

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 2025 under the Sovereign Grant Act 2011. The financial statements comprise the:

- Statement of Financial Position as at 31 March 2025;
- 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 of the Sovereign Grant and Sovereign Grant Reserve:

- give a true and fair view of the state of the Royal Household's affairs as at 31 March 2025 and its total net expenditure for the year then ended;
- have been properly prepared in accordance with Section 2 of the Sovereign Grant Act 2011 and HM Treasury directions issued thereunder; and
- have 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 (2024)*. 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 2024*. 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.

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

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

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

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 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 Committee's assessment of the entity's ability to continue to adopt 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 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.

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

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 financial statements of the Royal Household in respect of 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 nor 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 pages 61 to 62.

In this year's report I identified one key audit matter, this, being the accounting for new leases due to the highly material value of new leases commencing in 2024-25.

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

Accounting for the 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 through the Sovereign Grant, to a total budget of £369 million across the life of the programme. The amount of Sovereign Grant allocated to Reservicing was £34.5 million of the total £86.3 million Grant in 2024-25 (£34.5 million in 2023-24). As at 31 March 2025, a total of £270m has been incurred on the Reservicing programme to date.

This is a high profile and large scale programme, and I consider that the risk for the financial statements is particularly focussed on:

- whether transactions have been classified appropriately;
- whether the transactions have been recorded in the correct financial year; and
- the valuation of year-end accruals which involve management judgement in assessing the estimated stage of completion of works.

**How the
scope of my
audit
responded to
the risk**

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 and cut-off of expenditure and valuation of accruals at 31 March 2025 are working effectively and I have relied on them to gain my assurance.

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The auditor's objective under ISA (UK) 540 is 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. 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 and has been allocated to the correct financial year.

I have tested a sample of accruals to confirm these are appropriate and supported by evidence.

Key observations

I have obtained sufficient assurance over this area through the controls and substantive testing I have performed. I did not identify any significant misstatements within the Reservicing Programme spend in year as a result of my testing.

Royal Household Group Pension Scheme

Description of risk

The Sovereign Grant has a £0.9 million net pension asset (£0.5 million asset in 2023-24) in relation to its participation in the Royal Households Group Pension Scheme at 31 March 2025. This is comprised of gross pension assets of £26.6 million (£27 million in 2023-24) and a scheme liability of £23.8 million (£26.6 million in 2023-24).

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. The pension assets mainly comprise pooled investments.

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.

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

How the scope of my audit responded to the risk

I have inspected the design and implementation of the Royal Household's controls with respect to the valuation of the net pension asset and confirmed that these are designed appropriately and are adequately implemented however I have not placed reliance on these controls.

I have tested the assets and liabilities of the pension scheme attributable to Sovereign Grant and the Sovereign Grant Reserve. This included reviewing the appropriateness of the financial and demographic assumptions used in the liability valuation, as well as testing the classification, rights and obligations and data inputs of the pension scheme liability. I have considered the completeness of the net pension asset, special events and fund assets.

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.

I have also assessed the undertaken by 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

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

I did not identify any errors in relation to the defined benefit pension scheme and I have obtained sufficient assurance over this area through the substantive testing I have performed. I am content that the disclosures in this area, including in relation to estimation uncertainty, are appropriate and in line with the financial reporting framework.

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 Reserving Programme (2024-25: £84.2 million, 2023-24: £28.8 million) and Core Sovereign Grant activities (2024-25: £79.2 million, 2023-24: £71.5 million). There is public interest in the future activities of the Royal Household and in turn the reported commitments figure. I considered there was a significant 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 confirmed that these are designed appropriately and are adequately implemented however 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

I have obtained sufficient assurance over this risk through my substantive testing. I did not identify any significant misstatements in the Financial and Capital Commitments as a result of the work I have performed.

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

Accounting for new leases

Description of risk

During 2024-25 the Royal Household entered into new lease agreements for the procurement of two helicopters. As at 31 March 2025 one lease had commenced and therefore has been accounted for under IFRS 16, creating a material lease liability and associated Right of Use Asset (RoUA), with the lifetime value of future payments also being material. The second lease commences after the reporting date and at 31 March 2025 is disclosed within commitments.

The accounting for the Royal Household's new leased assets under IFRS 16 is relatively complex. There is a risk of errors arising in assessing the contracts accurately against the criteria in IFRS 16; and in the data, assumptions and models used to calculate valuations and disclosures. I considered there was a significant risk of material misstatement within the calculations and related disclosures.

I have inspected the design and implementation of controls over the accounting for newly leased assets under IFRS 16. I have confirmed that these are designed appropriately and are adequately implemented, but I have not relied on these controls.

I have reviewed the lease documentation to ensure that the contracts appropriately meet the definition of a lease under IFRS 16. I have confirmed that the leases are accounted for in the correct period and have undertaken procedures to gain assurance over the completeness of leased assets.

How the scope of my audit responded to the risk

I have considered the data, assumptions and judgements applied by management in the lease calculations, and have concluded that these are reasonable and appropriate, are supported by evidence and have been applied correctly.

I have recalculated the opening balances of the new lease liability and right of use asset. I have also recalculated the closing balances at 31 March 2025 and in-year movements.

Key observations

I have obtained sufficient assurance over this area through the substantive testing I have performed. I did not identify any significant misstatements within the accounting for new leases, and I am content that the new leases have been correctly accounted for under IFRS 16 and are appropriately disclosed in the financial statements.

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

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 Royal Household's financial statements as a whole as follows:

		Sovereign Grant and Sovereign Grant Reserve
Materiality		£863,000
Basis for determining materiality		1% of the 2024-25 Sovereign Grant funding of £86.3 million (2023-24: 1% of the 2023-24 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 as this equates to the public funding of the Royal Household for the year

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 2024-25 audit (2023-24: 70%). In determining performance materiality, we 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.

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

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 decreased net assets by £25k.

AUDIT SCOPE

The scope of my audit was determined by obtaining an understanding of the Royal Household, Sovereign Grant and the Sovereign Grant Reserve 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;

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

- 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
- 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 53;
- 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 53;
- the Keeper of the Privy Purse's statement on fair, balanced and understandable set out on page 88;

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

- the confirmation from the Lord Chamberlain's Committee and Keeper of the Privy Purse that they have carried out a robust assessment of the emerging and principal risks set out on pages 55;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 65 to 72; and
- The section describing the work of the Audit and Risk Assurance Committee set out on pages 61 to 62.

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 Royal Household'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.

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

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.

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:

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

- they were aware of any instances of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant external pensions specialists, 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 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.

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, employment law, pensions legislation and tax legislation, and health and safety regulations.

In addition 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;

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

- 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 2024-25 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

25 June 2025

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	2025	2024
	Note	£m	£m	£m	£m
Funding receivable¹:					
Grant		51.8	34.5	86.3	86.3
Income					
Property rental income		4.0	-	4.0	3.8
Facilities management charges		10.5	-	10.5	8.8
Recharges and other income		7.0	-	7.0	7.2
		21.5	-	21.5	19.8
Expenditure					
Payroll costs	4	(27.9)	(2.0)	(29.9)	(27.9)
Other staff costs	4	(3.2)	(0.9)	(4.1)	(4.0)
Property maintenance		(18.6)	(22.6)	(41.2)	(47.0)
Travel		(4.7)	-	(4.7)	(4.2)
Utilities		(6.0)	-	(6.0)	(5.7)
Housekeeping and hospitality		(3.2)	-	(3.2)	(2.6)
Digital services		(4.4)	(0.1)	(4.5)	(4.3)
Depreciation & amortisation	6,7	(2.4)	(1.7)	(4.1)	(4.4)
Other expenditure	3	(7.5)	(1.5)	(9.0)	(8.8)
		(77.9)	(28.8)	(106.7)	(108.9)
Total net expenditure		(56.4)	(28.8)	(85.2)	(89.1)
Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve		(4.6)	5.7	1.1	(2.8)

¹ In accordance with the Accounts Direction issued by HM Treasury (See Appendix 5 page 157), 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 111 to 119. 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 106 to 110. The notes on pages 111 to 144 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	2025 £m	2024 £m
Sovereign Grant funding less net expenditure after transfer of (deficit)/surplus (from)/to Sovereign Grant Reserve		-	-	-	-
Actuarial gain/(loss) for the year (Royal Households Group Pension Scheme)	14	0.2	-	0.2	(0.3)
Total recognised gains/(losses) relating to the year		0.2	-	0.2	(0.3)

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2025 £m	2024 £m
Non-current assets			
Property, plant and equipment	6	27.1	29.1
Right-of-use assets	7	9.8	1.1
Total non-current assets		36.9	30.2
Current assets			
Inventories and current assets	8	0.7	1.0
Trade and other receivables	9	5.5	5.9
Cash and cash equivalents	10	22.0	15.6
Total current assets		28.2	22.5
Total assets		65.1	52.7
Current liabilities			
Trade and other payables	11	(16.7)	(13.8)
Lease liabilities	12	(1.0)	(0.6)
Total current liabilities		(17.7)	(14.4)
Non-current liabilities			
Lease liabilities	12	(8.7)	(0.5)
Net assets excluding pension scheme asset		38.7	37.8
Defined benefit pension scheme asset	14	0.9	0.5
Net assets		39.6	38.3
Reserves			
Non-current assets reserve		28.0	29.9
Other retained reserve		2.4	2.4
Sovereign Grant reserve		8.3	5.5
Pension scheme reserve		0.9	0.5
Total reserves		39.6	38.3

James Chalmers
Keeper of the Privy Purse
24 June 2025

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

<i>Year to 31 March</i>		2025	2025	2024	2024
	Note	£m	£m	£m	£m
Reconciliation of total net expenditure to funding					
Total net expenditure			(85.2)		(89.1)
Retirement benefits adjustment	14	(0.2)		(0.3)	
Depreciation and amortisation	6,7	4.1		4.4	
Decrease/(increase) in inventories	8	0.3		(0.6)	
Decrease/(increase) in receivables	9	0.4		(1.1)	
Increase/(decrease) in payables	11	2.9		(3.1)	
Disposal of assets	6,7	0.1		-	
Other non-cash adjustments		(0.2)		0.2	
			7.4		(0.5)
Net cash outflow from operating activities			(77.8)		(89.6)
Cash flows from investing activities					
Capital expenditure	6	(1.4)		(4.3)	
Net cash outflow from investing activities			(1.4)		(4.3)
Net cash outflow before funding			(79.2)		(93.9)
Cash flows from financing activities					
Grant funding received		86.3		86.3	
Payment of lease liabilities	12	(0.7)		(0.8)	
Net cash inflow from financing activities			85.6		85.5
Net increase/(decrease) in cash and cash equivalents	10		6.4		(8.4)
Reconciliation of cash and cash equivalents			2025		2024
			£m		£m
As at 1 April			15.6		24.0
Net increase/(decrease)			6.4		(8.4)
As at 31 March			22.0		15.6

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 2024	29.9	2.4	5.5	0.5	38.3
Actuarial gain on RH Group Pension Scheme	-	-	-	0.2	0.2
Sovereign Grant funding less net expenditure transferred to Sovereign Grant Reserve	-	-	1.1	-	1.1
Transfer (to)/from pension scheme reserve	-	-	(0.2)	0.2	-
Transfer from/(to) non-current assets reserve	(1.9)	-	1.9	-	-
As at 31 March 2025	28.0	2.4	8.3	0.9	39.6

	Non-current assets reserve	Other retained reserve	Sovereign Grant reserve	Pension scheme reserve	Total reserves
	£m	£m	£m	£m	£m
As at 1 April 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 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

FINANCIAL STATEMENTS

SOVEREIGN GRANT RESERVE

	Core £m	Reservicing £m	2025 £m	2024 £m
Balance brought forward	10.2	(4.7)	5.5	10.1
Transfer (from) to reserve	(4.6)	5.7	1.1	(2.8)
Transfer to pension scheme reserve	(0.2)	-	(0.2)	(0.3)
Transfer from/(to) non-current assets reserve	0.9	1.0	1.9	(1.5)
Balance carried forward	6.3	2.0	8.3	5.5

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 2025 is 10% of the audited net relevant expenditure for 2024-25 and based on planned expenditure in 2025-26, the expected Reserve at 31 March 2026 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.

James Chalmers
Keeper of the Privy Purse
24 June 2025

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 5 (pages 157 to 159) and the 2024-25 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 53 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 5 page 157), 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. 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 on year) or ii) a fixed percentage of admissions income. Payment in respect of Windsor Castle, is typically received in the

FINANCIAL STATEMENTS

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.

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 5: 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.

FINANCIAL STATEMENTS

- 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 |
| • Temporary buildings | 5 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 |

FINANCIAL STATEMENTS

• Helicopter (leased)	10 years
• Helicopter operation equipment	5 years
• Horses	12 years
• Lifts	20 years
• Motor vehicles	2 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, 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.

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 4.81% 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.

FINANCIAL STATEMENTS

f) Inventories

Inventories comprise mainly of goods purchased for use in the Reservicing Programme and wines and spirits for hospitality events at the occupied Royal Palaces. Inventories are held at the lower of cost and net realisable value. 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 2025 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 £132.1 million is guaranteed for the year ended 31 March 2026, 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.

FINANCIAL STATEMENTS

- 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 14 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 2025 were £0.7 million (2023-24: £1.3 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 2025 are £4.7 million (2023-24: £4.1 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 16 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 14.

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 2025</i>	PSO	PPTO	MOH	LCO	BPR	Total
	£m	£m	£m	£m	£m	£m
Facilities management charges	-	10.5	-	-	-	10.5
Recharges and other income	0.3	8.5	1.7	0.5	-	11.0
Salaries and other staff costs (Note 4)	(5.8)	(13.2)	(8.1)	(4.0)	(2.9)	(34.0)
Property expenditure	-	(24.6)	-	-	(22.6)	(47.2)
Travel	-	(4.4)	-	(0.3)	-	(4.7)
Digital services	-	(4.4)	-	-	(0.1)	(4.5)
Depreciation (Notes 6,7)	-	(2.3)	-	(0.1)	(1.7)	(4.1)
Other	(2.0)	(4.4)	(3.5)	(0.8)	(1.5)	(12.2)
Total net expenditure	<u>(7.5)</u>	<u>(34.3)</u>	<u>(9.9)</u>	<u>(4.7)</u>	<u>(28.8)</u>	<u>(85.2)</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. During 2024-25 separately identifiable costs were transferred to the sum of £0.6m (2023-24: £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 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)	-	(2.8)	-	(0.1)	(1.5)	(4.4)
Other	(1.9)	(4.3)	(3.1)	(1.4)	(0.7)	(11.4)
Total net expenditure	(7.4)	(30.9)	(9.6)	(5.0)	(36.2)	(89.1)

3. Other Expenditure

	2025 Core £m	2025 BPR £m	2025 Total £m	2024 Total £m
Equipment purchase and hire	1.2	0.1	1.3	1.2
Insurance, legal advice and other professional services	3.7	0.2	3.9	3.9
Printing, postage and stationery	1.5	-	1.5	1.3
Decant/reinstatement costs	-	1.2	1.2	0.5
Other	1.1	-	1.1	1.9
	7.5	1.5	9.0	8.8

Auditors' remuneration of £150,000 was charged for the year by the National Audit Office (2023-24: £140,000). There were no non-audit fees paid to the auditors (2023-24: 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:

	2025	2024
Lord Chamberlain	2	3
Private Secretary's Office	83	85
Privy Purse and Treasurer's Office	187	174
Master of the Household's Department	183	177
Lord Chamberlain's Office	59	57
	<u>514</u>	<u>496</u>
Buckingham Palace Reservicing	25	27
	<u>539</u>	<u>523</u>

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. 28 staff were on fixed term contracts (2023-24: 15).

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	2025	2024
	£m	£m	£m	£m
Salaries	22.1	1.5	23.6	22.1
Temporary staff	0.2	0.1	0.3	0.3
National insurance	2.3	0.2	2.5	2.3
Pension costs	3.3	0.2	3.5	3.2
	<u>27.9</u>	<u>2.0</u>	<u>29.9</u>	<u>27.9</u>

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 78 - 86.

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Other Staff Costs

	Core	BPR	2025	2024
	£m	£m	£m	£m
Agency staff	1.7	0.9	2.6	2.5
Other (including staff travel, training, recruitment)	1.5	-	1.5	1.5
	<u>3.2</u>	<u>0.9</u>	<u>4.1</u>	<u>4.0</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 2024	34.2	3.2	22.0	0.3	59.7
Additions		0.1	0.4	0.9	1.4
Disposals	-	-	(0.2)	-	(0.2)
Transfers	0.1	-	-	(0.1)	-
As at 31 March 2025	<u>34.3</u>	<u>3.3</u>	<u>22.2</u>	<u>1.1</u>	<u>60.9</u>
Depreciation					
As at 1 April 2024	15.7	1.4	13.5	-	30.6
Charge for the year	1.4	0.2	1.8	-	3.4
Disposals	-	-	(0.2)	-	(0.2)
As at 31 March 2025	<u>17.1</u>	<u>1.6</u>	<u>15.1</u>	<u>-</u>	<u>33.8</u>
Net book value					
As at 31 March 2025	<u>17.2</u>	<u>1.7</u>	<u>7.1</u>	<u>1.1</u>	<u>27.1</u>
As at 1 April 2024	<u>18.5</u>	<u>1.8</u>	<u>8.5</u>	<u>0.3</u>	<u>29.1</u>

“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.

Additions include £174,000 of capital accruals at 31 March 2025 (31 March 2023: £nil).

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	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

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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 13 – other commitments.

Sovereign Grant lease contracts comprise of multiple vehicles, two helicopters and storage facilities for the Royal Train. The right-of-use asset value of vehicles (including helicopters) leases and storage lease as at 31 March 2025 is £9.5m and £0.4m respectively. The leases exceed no more than ten years commitment. Non-lease components of leases are charged to the Statement of Income and Expenditure.

	Right of use assets £m
Cost or valuation	
As at 1 April 2024	2.7
Additions – new leases	9.5
Revaluations	-
Disposals	(0.3)
As at 31 March 2025	11.9
Depreciation	
As at 1 April 2024	1.6
Charge for the year	0.7
Disposals	(0.2)
As at 31 March 2025	2.1
Net book value	
As at 31 March 2025	9.8
As at 1 April 2024	1.1

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

8. Inventories

As at 31 March	2025 £m	2024 £m
Materials – Reservicing Programme	0.2	0.5
Wine and spirits	0.3	0.3
Other	0.2	0.2
	<u>0.7</u>	<u>1.0</u>

Other Inventories comprises stocks of official gifts and food.

9. Trade and Other Receivables

As at 31 March	2025 £m	2024 £m
Recharges and other receivables	2.3	2.2
Prepayments and accrued income	3.2	3.7
Total receivables	<u>5.5</u>	<u>5.9</u>

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10. Cash and Cash Equivalents

As at 31 March	2024 £m	2024 £m
Government Banking Service	19.7	9.6
Commercial banks and cash in hand	2.3	6.0
	<u>22.0</u>	<u>15.6</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.

11. Current Liabilities: Trade and Other Payables

As at 31 March	2025 £m	2024 £m
Trade payables	3.9	3.5
Rent deposits	0.1	0.1
Taxes and social security	2.0	1.3
Other payables	2.1	1.5
Accruals and deferred income	8.6	7.4
	<u>16.7</u>	<u>13.8</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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12. Leasing

Sovereign Grant lease contracts comprise of multiple vehicles, a helicopter and storage facilities for the Royal Train.

Further detail on leases committed to, and/or authorised, but not commenced are provided in note 13 – 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.

	2025 Total £m	2024 Total £m
Storage		
Less than one year	0.2	0.2
Between two and five years	0.2	0.4
Later than five years	-	-
Future finance charges	-	-
Present value of liabilities	<u>0.4</u>	<u>0.6</u>
Vehicles		
Less than one year	1.2	0.6
Between two and five years	4.5	0.6
Later than five years	5.5	-
Future finance charges	<u>(1.9)</u>	<u>(0.1)</u>
Present value of liabilities	<u>9.3</u>	<u>1.1</u>
Total Present Value of obligations		
Current	1.0	0.6
Non-current	<u>8.7</u>	<u>0.5</u>
	<u>9.7</u>	<u>1.1</u>

Amounts recognised in the Statement of Income and Expenditure

Short term leases expenditure and low value leases of £126,560 (2023-24: £24,469) are charged directly to the Statement of Income and expenditure.

Interest charges of £56,346 (2024: £23,536) were applied in year.

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Cash outflow for leases

	2025 Total £m	2024 Total £m
Total cash outflow for leases	0.7	0.8

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:

	2025 £m	2024 £m
Within one year	2.4	2.9
Later than one year and not later than five years	2.3	0.5
	<u>4.7</u>	<u>3.4</u>

13. Other Commitments

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

As at 31 March	Core £m	BPR £m	2025 £m	2024 £m
Other Staff costs – Agency cost contract				
• Committed	-	0.7	0.7	0.2
• Authorised	-	1.0	1.0	1.9
Property Maintenance				
• Committed	10.2	25.6	35.8	29.7
• Authorised	30.6	52.5	83.1	25.6
Capital				
• Committed	-	-	-	0.7
• Authorised	0.9	4.4	5.3	2.3

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As at 31 March	Core £m	BPR £m	2025 £m	2024 £m
Transport service / maintenance contracts				
• Committed ¹	31.2	-	31.2	39.9
• Authorised	-	-	-	-
	72.9	84.2	157.1	100.3

As at 31 March	Core £m	BPR £m	2025 £m	2024 £m
Within one year	29.0	54.7	83.7	46.2
Later than one year and not later than five years	32.6	29.5	62.1	34.6
Later than five years	11.3	-	11.3	19.5
	72.9	84.2	157.1	100.3

¹ This includes a lease for a helicopter to replace an existing helicopter, associated maintenance and other costs, based on the Business Case authorised by HM Treasury. The helicopter was delivered and became operational in April 2025.

14. 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 were £77.6 million (2022-23: £83.6 million). The liabilities at 31 March 2025 are not yet available but will be disclosed in the Consolidated Fund Account when it is published. The Sovereign Grant funds the employment costs of 20 of the 23 active members of the scheme as at 31 March 2025. 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. For 2024-25, employer's contributions of £0.2 million were payable to the scheme (2023-24: £0.2 million). For 2025-26, 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.

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.

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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 2023 and showed a deficit of £19.7 million. The total market value of the assets of the whole scheme was £82.4 million and this value of assets was sufficient to cover 81% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

A deficit contribution of £208,600 paid in 2024-25 and a further contribution of £214,400 during 2025-26 is planned to eliminate the historic funding shortfall.

The results of the latest funding valuation as at 31 December 2023 have been used for this disclosure, updated by an independent qualified actuary, to take account of experience over the period since 31 December 2023 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:

Actuarial assumptions adopted as at 31 March (% pa)	2025	2024	2023	2022	2021
Discount rate for scheme liabilities	5.8	4.8	4.7	2.7	2.1
Rate of general long-term increase in salaries	4.0	4.0	4.1	3.8	4.0
Rate of price inflation (RPI)	3.1	3.1	3.3	3.5	3.2
Rate of price inflation (CPI)	2.5	2.5	2.6	2.8	2.5
Rate of increase to pensions in payment	2.9	2.9	3.1	3.3	3.1

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 is included with the defined benefit obligation.

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.

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Main demographic assumptions adopted as at 31 March (years)	2025	2024	2023	2022	2021
Life expectancy for male currently aged 65	21.3	21.4	22.0	22.4	21.5
Life expectancy for female currently aged 65	23.4	23.9	24.4	24.7	23.5
Life expectancy at 65 for male currently aged 45	22.6	22.7	23.4	23.7	22.8
Life expectancy at 65 for female currently aged 45	24.9	25.3	25.8	26.1	25.1
Transfer take-up: nil for all ages					

Scheme assets are stated at their market values as at 31 March 2025.

Reconciliation of funded status to the statement of financial position

As at 31 March	2025	2024	2023	2022	2021
	£m	£m	£m	£m	£m
Fair value of scheme assets	24.7	27.1	27.5	38.3	36.4
Present value of funded defined benefit obligations	(23.8)	(26.6)	(27.0)	(37.0)	(36.6)
Net pension asset/(liability) recognised on the statement of financial position	0.9	0.5	0.5	1.3	(0.2)

There is a net pension asset of £0.9 million as at 31 March 2025. The amount of this net pension asset has a consequential effect on reserves.

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.

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Changes to the fair value of scheme assets during the year

As at 31 March	2025	2024
	£m	£m
Fair value of scheme assets as at the beginning of the year	27.1	27.5
Movement in year:		
Contributions by employer	0.3	0.4
Administration costs incurred	-	(0.1)
Net benefits paid out	(1.3)	(1.0)
	(1.0)	(0.7)
<i>Actual reAturn on scheme assets:</i>		
Interest income on scheme assets	1.3	1.3
Re-measurement loss on scheme assets: return on scheme assets in excess of that recognised in net interest	(2.7)	(1.0)
	(1.4)	0.3
Fair value of scheme assets as at 31 March	24.7	27.1

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

As at 31 March	2025	2024
	£m	£m
Equities	9.3	10.3
Fixed interest gilts	4.3	4.8
Index-linked gilts	7.8	8.7
Property	1.5	2.8
Cash/net current assets	1.8	0.5
	24.7	27.1

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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	2025	2024
	£m	£m
Defined benefit obligations at the beginning of the year	26.6	27.0
Movement in year:		
Current service cost	-	-
Interest expense on defined benefit obligations	1.2	1.3
Actuarial (gains)/losses on scheme liabilities arising from:		
changes in financial assumptions	(3.1)	(1.1)
changes in demographic assumptions	(0.4)	(0.1)
Experience	0.7	0.5
Net benefits paid out	(1.2)	(1.0)
Defined benefit obligations as at 31 March	<u>23.8</u>	<u>26.6</u>

Analysis of the defined benefit obligation by membership category

As at 31 March	2025	2024
	£m	£m
Current (“active deferred”) employee benefits	2.3	3.3
Deferred member benefits	6.8	7.9
Pensioner member benefits	14.7	15.4
Total defined benefit obligation	<u>23.8</u>	<u>26.6</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	2025	2024
	£m	£m
Asset/(Deficit) as at the beginning of the year	0.5	0.5
Movement in year:		
<i>Amounts (charged)/ credited against income and expenditure:</i>		
Contributions by employer	0.3	0.4
Current service cost	-	-
Administration costs incurred	(0.1)	(0.1)
Interest expense on defined benefit obligations	(1.3)	(1.3)
Interest income on scheme assets	1.3	1.3
<i>Pension expense recognised in Statement of Income and Expenditure</i>	<u>0.2</u>	<u>0.3</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	(2.7)	(1.0)
Actuarial gains/(losses) due to changes in financial assumptions	3.2	1.1
Actuarial (losses)/gains due to changes in demographic assumptions	0.4	0.1
Actuarial (losses)/gains due to liability experience	(0.7)	(0.5)
<i>Actuarial gains/ (losses) recognised in Statement of Comprehensive Income and Expenditure</i>	<u>0.2</u>	<u>(0.3)</u>
Asset as at the end of the year	<u><u>0.9</u></u>	<u><u>0.5</u></u>

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History of experience gains and losses

	2025	2024	2023	2022	2021
	£m	£m	£m	£m	£m
Experience gains/(losses) on scheme assets	(2.7)	(1.0)	(11.2)	1.7	4.3
Experience gains/(losses) on scheme liabilities	(0.7)	(0.5)	(1.0)	(1.6)	0.6

Risks associated with the scheme

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

Funding risk - The risk that the technical provisions are set too low and prove insufficient to meet the liabilities (e.g. in the event of unexpected discontinuance).

Liquidity risk - The risk that cashflows are higher than expected as members commute more than is assumed or take transfer values, possibly leading to the sale of assets at inopportune times.

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.

Legislative risk – The risk that new legislation, or clarification to existing legislation, increases the benefits due to members.

Investment risk - The risk that investment returns are lower than assumed in the valuation, and also that the assets are volatile and move out of line with the liabilities, so the funding position is volatile.

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.

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 0.5% decrease in the discount rate, as at 31 March 2025:</i>		
Assets	-	24.7
Defined benefit obligations	1.5	(25.3)
(Deficit)	<u>(1.5)</u>	<u>(0.6)</u>

Following a 0.5% increase in the inflation assumption (excluding salary increases), as at 31 March 2025:

Assets	-	24.7
Defined benefit obligations	1.1	(24.9)
(Deficit)	<u>(1.1)</u>	<u>(0.2)</u>

Following a one-year improvement in life expectancies, as at 31 March 2025:

Assets	-	24.7
Defined benefit obligations	1.0	(24.8)
(Deficit)	<u>(1.0)</u>	<u>(0.1)</u>

Estimate of income and expenditure charge for the coming year

As the plan ceased future accrual from 1 April 2021, no ongoing contribution is 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	2026
	£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 2024-25, employer's contributions of £3.0 million were payable to the scheme (2023-24: £2.8 million).

15. 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>)	
	2025 £m	2024 £m	2025 £m	2024 £m
The Royal Collection Trust	16.0	15.2	(0.1)	(0.1)
<i>Balance outstanding</i>	0.6	1.7	-	-
Privy Purse	1.0	0.8	(0.7)	(0.7)
<i>Balance outstanding</i>	0.1	0.4	-	-
Other Royal Households	1.1	0.7	(0.2)	(0.2)
<i>Balance outstanding</i>	0.3	0.2	-	-
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*.

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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>):	
	2025 £m	2024 £m	2025 £m	2024 £m
Foreign, Commonwealth and Development Office	0.6	1.0	(0.5)	-
<i>Balance outstanding</i>	0.1	-	-	-
Ministry of Defence	0.1	0.1	(0.2)	(0.6)
<i>Balance outstanding</i>	-	-	-	-
Cabinet Office	-	-	(0.5)	(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.

	2025 £m	2024 £m
Cash recovered from:		
The Royal Collection Trust	1.4	1.6
<i>Balance outstanding</i>	1.2	0.1
Privy Purse	0.4	0.5
<i>Balance outstanding</i>	0.3	0.1
Other Royal Households	0.2	0.6
<i>Balance outstanding</i>	0.1	0.2
Cabinet Office	0.9	0.9
<i>Balance outstanding (held as agent)</i>	(0.2)	-
Department for Digital, Culture, Media & Sport	1.1	1.2
<i>Balance outstanding (held as agent)</i>	(0.1)	(0.2)

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16. Buckingham Palace Reservicing

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

Year to 31 March	2018-25 cumulative £m	2025 £m	2024 £m
Funding receivable¹:			
Grant	268.7	34.5	34.5
Income			
Recharge and other income	3.0	0.6	2.3
	3.0	0.6	2.3
Expenditure			
Payroll costs	(12.3)	(2.0)	(2.1)
Other staff costs	(13.7)	(0.9)	(1.3)
Housekeeping and hospitality	(0.2)	-	-
Property maintenance	(211.4)	(23.2)	(32.6)
Digital services	(1.4)	(0.1)	(0.3)
Depreciation	(7.1)	(1.7)	(1.5)
Other	(7.0)	(1.5)	(0.7)
	(253.1)	(29.4)	(38.5)
Total net expenditure	(250.1)	(28.8)	(36.2)
Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve	18.6	5.7	(1.7)
Capital expenditure incurred net of depreciation	(16.6)		
Reserve/(deficit) carried forward	2.0		

¹ In accordance with the Accounts Direction issued by HM Treasury (See Appendix 5 page 157), 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 the Statement of Income and Expenditure on page 105, this transaction has been eliminated on consolidation and is therefore only shown within the Property maintenance line within the Core Sovereign Grant, details of which can be found in note 2. For transparency, this recharge is shown within recharge and other income for the purposes of this note to the accounts.

17. Issue of Accounts

On 9 June 2025 the financial statements were approved by the Accounting Officer and Audit and Risk Assurance Committee and on 10 June 2025 were approved by the Lord Chamberlain's Committee for signature by The Keeper of the Privy Purse on 24 June 2025. The financial statements were authorised for issue on the date of certification by the Comptroller and Auditor General.

18. Events after the reporting period

There have been no significant events after 31 March 2025 that require adjustment to, or disclosure in the financial statements.

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APPENDIX 1: HIGHLIGHTS OF THEIR MAJESTIES PUBLIC ENGAGEMENTS

April	<ul style="list-style-type: none"> • Her Majesty, Patron, SafeLives, held a Roundtable Discussion with Safe Young Lives Changemakers. • The King and Queen visited University College Hospital Macmillan Cancer Centre, viewing equipment and meeting patients and their families, clinicians and nursing staff, and charity representatives. • The Queen held a Reception at Buckingham Palace to recognise those who support survivors of sexual assault and to mark the relaunch of Her Majesty's Wash Bags project.
May	<ul style="list-style-type: none"> • The Queen, Patron, National Literacy Trust, visited Moreland Primary School, to celebrate the Trust's Libraries for Primaries Programme and opened the School's Coronation Library. • The Queen, Patron, Roald Dahl's Marvellous Children's Charity, visited the Royal London Hospital, to mark International Nurses Day. • The King, as Sovereign of the Most Excellent Order of the British Empire, with The Queen, Grand Master, attended a Service of the Order at St. Paul's Cathedral. • The King and Queen gave an Afternoon Party in the garden of Buckingham Palace to celebrate the Creative Industries. The Duke of Edinburgh and The Duchess of Gloucester were present. • The Queen, Patron, the Charleston Trust, visited Charleston Literary Festival, Charleston House, Firle, and attended a talk entitled "the Power of Reading" and a Reception. • The President of the Republic of Latvia visited The King.
June	<ul style="list-style-type: none"> • The King received representatives and supporters of His Majesty's Coronation Food Project. • The King and Queen visited the British Normandy Memorial, Ver-sur-Mer, France, and received The President of the French Republic and Madame Macron. Their Majesties attended a Ceremony of Remembrance at Gold Beach to mark the Eightieth Anniversary of D-Day and His Majesty addressed those present. The King laid a wreath at the Memorial Wall and The Queen laid posies at the French Civilian Memorial. The King and Queen witnessed a fly-past by the Red Arrows and afterwards attended a Reception for D-Day Veterans. His Majesty, Royal Patron, the Normandy Memorial Trust, and Her Majesty visited the Winston Churchill Centre for Education and Learning. The King and Queen were received by the Trustees of the British Normandy Memorial before viewing a Royal British Legion display. Their Majesties afterwards opened the Centre. • The King received representatives of the Artificial Intelligence Community at Buckingham Palace.

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	<ul style="list-style-type: none"> • Their Majesties 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 Number 9 Company, Irish Guards was Trooped. His Majesty, from Buckingham Palace, witnessed a fly-past by aircraft of the Royal Air Force to mark the official celebration of The King's Birthday. • The King, accompanied by The Queen, The Prince of Wales, The Duke of York, The Duke of Edinburgh, The Princess Royal, The Duke of Gloucester, and The Duke of Kent held a Chapter of the Most Noble Order of the Garter in the Throne Room, Windsor Castle. The Duchess of Edinburgh, The Duchess of Gloucester and Vice Admiral Sir Tim Laurence were present. The King later gave a Luncheon Party for the Companions of the Most Noble Order of the Garter. • The Emperor and Empress of Japan arrived in England for a State Visit to The King and Queen. The Prince of Wales welcomed Their Majesties on behalf of The King. The Emperor and Empress of Japan, accompanied by The King and Queen, drove in a Carriage Procession to Buckingham Palace. The King presented The Emperor of Japan with the Insignia of a Stranger Knight of the Most Noble Order of the Garter. The Emperor and Empress of Japan visited Westminster Abbey where His Majesty laid a wreath at the Grave of the Unknown Warrior. The King and Queen gave a State Banquet at which The Prince of Wales, The Duke and Duchess of Edinburgh and The Duke and Duchess of Gloucester were present.
July	<ul style="list-style-type: none"> • The Queen held a Reception in celebration of Scottish Literature at the Palace of Holyroodhouse. • His Majesty received in audience the Rt. Hon. Sir Keir Starmer MP and requested him to form a new Administration. The Rt. Hon. Sir Keir Starmer MP accepted The King's offer and kissed hands upon his appointment as Prime Minister and First Lord of the Treasury. • The King and Queen visited the Senedd to mark the Twenty Fifth Anniversary, where His Majesty addressed the Members of Senedd Cymru and the Llywydd closed the Session. Afterwards The King and Queen met members of staff and Senedd Members in the Cwrt, before proceeding to the Neuadd where His Majesty met individuals involved with the Senedd's "Your Voice" exhibition and Her Majesty met members of the Welsh Youth Parliament. • The King and Queen visited Jersey. Their Majesties attended a Special Sitting of the States of Jersey and Sitting of the Royal Court. The King and Queen later visited the Jersey Expo Event, Weighbridge Place, St. Helier, and, met representatives from Jersey's agricultural sector, marine industries and environmental initiatives before viewing the Jersey Royal Potato Growing Competition. His Majesty presented the new King's Colour to Jersey Sea Cadets to mark the Unit's Seventy Fifth Anniversary. The King and Queen viewed The King's Parade and afterwards joined a community tea party in Liberation Square, where Their Majesties met veterans. The King then met representatives from schools, faith leaders and patronage

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	<p>representatives and The Queen met representatives from Free From Domestic Abuse, the emergency services and Jersey's culture sector.</p> <ul style="list-style-type: none"> • The King, accompanied by The Queen, travelled in State to the Palace of Westminster to open the Session of Parliament. • His Majesty received the United Nations Climate Change Conference of the Parties Presidencies Troika, represented by Dr. Sultan Al Jaber (COP28 President, United Arab Emirates), Mr. Mukhtar Babayev (COP29 President-Designate) and Secretary Ana Toni (National Secretary for Climate Change, Brazil) at Clarence House.
August	<ul style="list-style-type: none"> • His Majesty, as Chieftain, attended the Mey Highland Games, John O'Groats, Caithness. • The King visited Southport and met members of the Police, Ambulance and Fire and Rescue Services at Southport Community Fire Station, alongside members of the local community. • The King attended a Pipes and Drums display by the Pipes and Drums of Canada at Balmoral Castle. • The King, Patron, visited the Royal Horticultural Society of Aberdeen's Summer Flower Show at Duthie Park, Aberdeen, to mark the Society's Two Hundredth Anniversary. His Majesty toured and then opened the Flower Show.
September	<ul style="list-style-type: none"> • The Queen, Patron, held a Reception at St. James's Palace to mark the Seventieth Anniversary of Book Aid International. • The King received members of the New Zealand Women's Rugby Union team. • The President of the Federal Republic of Nigeria visited His Majesty at Buckingham Palace. • His Majesty joined a Meeting with the Scottish Violence Reduction Unit, the King's Foundation and the King's Trust discussing youth opportunities. The King held a Reception for students who have graduated from the Foundation's programme. • The President of the Co-operative Republic of Guyana visited His Majesty. • The King and Queen visited the Scottish Parliament, to mark its Twenty Fifth Anniversary, where His Majesty addressed the Parliament.
October	<ul style="list-style-type: none"> • The King and Queen, in advance of the Commonwealth Heads of Government Meeting in Samoa, held a Reception at St. James's Palace to celebrate the Commonwealth Diaspora. The Duchess of Edinburgh and The Duke of Kent were present. • Her Majesty, President, Royal Osteoporosis Society, held a Reception at Clarence House and presented The Queen's Award for Osteoporosis. • The King, Patron, London Symphony Orchestra, attended a Gala Concert at Guildhall, London.

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	<ul style="list-style-type: none"> • Their Majesties travelled to Australia. The Hon. Anthony Albanese MP was received by Their Majesties at Admiralty House. The King and Queen attended a Service at St. Thomas' Anglican Church, Sydney, New South Wales, then met members of the public outside the Church. The King visited the Parliament of New South Wales. His Majesty attended a Reception to mark the Bicentenary of the New South Wales Legislative Council and addressed those present. Their Majesties walked to the Hall of Memory and The King laid a wreath at the Tomb of the Unknown Australian Soldier and The Queen laid a posy. Their Majesties proceeded on foot to the For our Country Memorial, and later attended a Ceremonial Welcome at the Parliament of Australia. The King and Queen attended a Parliamentary Reception at Parliament House where His Majesty addressed those present. The Queen attended a Discussion on family and domestic violence in Australia and then met representatives of GIVIT at the Australian National Botanic Gardens. His Majesty also met the Australians of the Year. The King and Queen visited Sydney Opera House and met Sydney Opera House performers and members of the public, before proceeding on foot to Man O'War Steps Wharf where they were received with a Royal Salute and The King inspected the Guard. Their Majesties reviewed the Fleet anchored in Sydney Harbour and witnessed a flypast. Her Majesty, Vice-Patron, Royal Commonwealth Society, afterwards visited Green Square Library, Botany Road, Zetland, and met participants of The Queen's Commonwealth Essay Competition, and subsequently, as Patron of The Queen's Reading Room, met authors and representatives of local book clubs and authors. • Their Majesties were greeted in Samoa with a Ceremonial welcome. The Prime Minister of the Independent State of Samoa was subsequently received by His Majesty. The King and Queen visited the National University of Samoa, Apia, Upolu, Samoa, and were received by The Head of State of the Independent State of Samoa and Masiofo Fa'amausili Leinafo, where they attended an 'Ava Ceremony. Afterwards, The King attended the launch of The King's Commonwealth Fellowships. Their Majesties visited Moata'a Village and were received at Moata'a Village Church Hall by the Paramount Chief of Moata'a Village (Tofaeono Iupati Fuatai). His Majesty was bestowed with a High Chief title (Tui-Taumeasina). The King visited Moata'a Village Mangroves Restoration Walk. His Majesty afterwards visited The Head of State of the Independent State of Samoa at the Residence of The Head of State in Apia. The King and Queen visited the Samoa Cultural Village and viewed demonstrations of traditional arts and crafts and met members of the local community. The King attended a Commonwealth Heads of Government Business Forum. The King later visited O Le Pupu'Pue National Park and met local villagers and representatives from community groups, conservationists and park rangers. The Queen met pupils and teachers from Moata'a Village's pastor school
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	<p>(aoga faifeau). Her Majesty afterwards attended the Commonwealth Heads of Government Women's Forum High Level Side Event, Advocating for Women and Girls. The King, accompanied by The Queen, visited the Tuanaimato Sports Complex, Apia, Upolu, and opened the Commonwealth Heads of Government Meeting. His Majesty gave a Reception for new Commonwealth Heads of Government. Later, the Rt. Hon. Christopher Luxon MP (Prime Minister of New Zealand) was received in audience by The King at Taumeasina Island Resort. His Majesty subsequently held an Investiture at the Resort. The King afterwards opened The King's Garden, Robert Louis Stevenson Museum, Vailima. The King and Queen gave a Dinner for Commonwealth Heads of Government at Robert Louis Stevenson Museum. The Queen visited Samoa Victims Support Group and toured the Group's Campus of Hope facility, before opening The Queen Camilla Pre-School of Hope.</p>
November	<ul style="list-style-type: none"> • The King held an International Sustainability Reception at Buckingham Palace. • The King laid a wreath at the Cenotaph on the occasion of Remembrance Day. A wreath was laid on behalf of The Queen by Major Oliver Plunket. The Princess of Wales, The Duchess of Edinburgh, The Duke and Duchess of Gloucester, The Duke of Kent and Vice Admiral Sir Tim Laurence were present during the Ceremony. • The King, Patron, the Film and Television Charity, and The Queen held a Reception at Buckingham Palace in recognition of those who work within the Film and Television Industry. The Duke of Edinburgh and The Duke and Duchess of Gloucester were present. The King later attended the World Première of "Gladiator II" at Leicester Square, London. • The King celebrated his Seventy Sixth birthday by visiting the Coronation Food Project Hub in Deptford, London. His Majesty met representatives and supporters of five Coronation Food Project Hubs located across the United Kingdom, representatives of surplus food distribution organisations, and manufacturers and supermarket retailers of the Food Alliance Sourcing. His Majesty spoke via video link to representatives of the Coronation Food Project in Liverpool, before officially opening Deptford and Liverpool Coronation Food Project Hubs. • The Queen, with The Princess Royal, visited the University of London, Senate House, London, where Her Majesty received an Honorary Doctorate from the University presented by Her Royal Highness, Chancellor. • The King held a Reception at St. James's Palace for Nature First Economy. • The Queen, Vice Patron, the Royal Commonwealth Society, held a Reception at Buckingham Palace for winners and runners-up of The Queen's Commonwealth Essay Competition 2024.
December	<ul style="list-style-type: none"> • The Amir of the State of Qatar and Sheikha Jawaher Bint Hamad Bin Suhaim Al-Thani commenced a State Visit to The King and Queen. The

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	<p>Prince and Princess of Wales welcomed Their Highnesses on behalf of The King. The Amir of the State of Qatar and Sheikha Jawaher Bint Hamad Bin Suhaim Al-Thani, accompanied by The King, with The Prince and Princess of Wales, drove in a Carriage Procession to Buckingham Palace and were greeted by The Queen. The King presented The Amir with the Insignia of an Honorary Knight Grand Cross of the Civil Division of the Most Honourable Order of the Bath. The Amir of the State of Qatar and Sheikha Jawaher Bint Hamad Bin Suhaim Al-Thani visited Westminster Abbey. The Amir visited the Palace of Westminster and His Highness delivered an Address. The Amir subsequently attended a Reception with Peers, Members of Parliament and other guests. The King and Queen gave a State Banquet at which The Prince of Wales, The Duke and Duchess of Edinburgh, The Princess Royal and Vice Admiral Sir Tim Laurence, and The Duke and Duchess of Gloucester were present.</p> <ul style="list-style-type: none"> • The Queen attended a Reception for Entente Littéraire given by the Ambassador of the French Republic (Her Excellency Mme. Hélène Tréheux-Duchêne) at the residence. • The Queen attended a Reception at the Institution of Mechanical Engineers, London, to mark the Fiftieth Anniversary of Women's Aid. • The Queen, Patron, Royal Voluntary Service, visited a Festive Spread Christmas Lunch at the Amadeus, London. • The King visited Apple Incorporated's United Kingdom Headquarters, and met Apple members of staff, local schoolchildren and young people who have participated in The King's Trust programmes partnered by Apple. • The Queen, Patron, Helen and Douglas House, and Royal Patron, Roald Dahl's Marvellous Children's Charity, received children and young people from the charities and helped them to decorate the Christmas Tree at Clarence House.
January	<ul style="list-style-type: none"> • The Amir of the State of Kuwait visited The King at Dumfries House. His Majesty, accompanied by His Highness, afterwards unveiled a new tartan to mark the One Hundred and Twenty Fifth Anniversary of United Kingdom-Kuwait relations. • The King visited Sauchie Resource Centre, Alloa, and met volunteers of the Wee County Veterans and volunteers of Sauchie Garden Group. The King afterwards visited the Gate and met members of staff and volunteers before meeting representatives of charities and voluntary organisations who have received The Queen's Award for Voluntary Service or The King's Award for Voluntary Service. The King afterwards undertook a walkabout and met schoolchildren and representatives from other voluntary organisations and charities. • HMQ, Patron, the Anne Frank Trust, attended a pre-lunch reception to mark the 80th anniversary of the death of Anne Frank.

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	<ul style="list-style-type: none"> • The King received the Hon. Dr. Terrance Drew (Prime Minister of the Federation of Saint Christopher and Nevis). • The King visited Poland. His Majesty visited the Jewish Community Centre, Krakow, and spoke to survivors of the Holocaust, and met volunteers and refugees, before giving an Address. The King afterwards attended a Ceremony to commemorate the Eightieth Anniversary of the Liberation of Auschwitz-Birkenau and was received at Auschwitz-Birkenau by The President of the Republic of Poland. After attending the Ceremony, The King visited Auschwitz I.
February	<ul style="list-style-type: none"> • The Queen officially opened Mulberry Academy London Dock, Virginia Street, London • The King visited the Polish Social and Cultural Association, viewed an art exhibition and attended a Reception for members of the Polish community in the United Kingdom. • The Queen opened Exeter Sexual Assault and Referral Centre. • The King, Royal Founding President, The King's Foundation, and The Queen attended a United Kingdom-Italy Dinner held by the Ambassador from the Italian Republic (His Excellency Mr. Inigo Lambertini) in Gloucestershire to celebrate the Slow Food and Slow Fashion Movement. • The King held a Meeting with Muslim and Jewish faith leaders at Buckingham Palace. • The King and Queen visited Middlesbrough International Centre and met representatives of local community groups and voluntary services, police officers and young people. The King afterwards visited SeAH Wind Limited, and Their Majesties later attended the Love Boro! Cultural and Civic Heart Welcome at Middlesbrough Town Hall. The Queen joined a Celebration at Middlesbrough Town Hall to mark the work of the National Literacy Trust in the Town, followed by a Reception in the Old Fire Station where, as President of the Maggie Keswick Jencks Cancer Caring Centres Trust, Her Majesty met local representatives of the Charity. • The King met researchers, clinicians, others associated with the Centre for Injury Studies and its work with Ukraine, and Ukrainian students at Imperial College London. • The Queen held the Grand Final of the BBC 500 Words creative-writing competition, followed by a Reception, at Buckingham Palace.
March	<ul style="list-style-type: none"> • The President of Ukraine visited The King. • The Rt. Hon. Justin Trudeau MP (Prime Minister of Canada) was received in audience by The King. • The King, Honorary Commodore-in-Chief, Royal Navy Aircraft Carriers, visited HMS Prince of Wales at sea. His Majesty toured the Ship, met and addressed members of the Ship's Company, and observed F-35 Aircraft conducting Carrier Deck landings.

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APPENDIX 2: SUSTAINABILITY REPORT DATA

Greenhouse gas emissions

		2024-25 (tCO ₂ e)	2023-24 (tCO ₂ e)	2024-25 Change from 2022-23	2022-23 (tCO ₂ e)	2021-22 (tCO ₂ e)
Scope 1	Natural Gas & Heating	2,615	2,626	-	2,712	3,330
Scope 1	Owned/Leased Vehicles ¹	500	605	(17%)	532	521
Scope 2	Purchased electricity (MB) ²	18	20	(10%)	-	22
Scope 2	Purchased electricity (LB) ³	1,246	1,186	5%	1,160	1,198
Total Scope 1 & 2 (MB)		3,133	3,251	(4%)	3,244	3,873
Total Scope 1 & 2 (LB)		4,361	4,417	(1%)	4,404	5,071
Scope 3	Business travel	1,910	1,882	1%	1,615	2,857
Scope 3	Fuel and Energy Related Activities (MB) ⁴	850	861	(1%)	917	-
Scope 3	Fuel and Energy Related Activities (LB)	967	963		1,023	-
Total Scope 1 – 3 (MB)		5,893	5,994	(2%)	5,776	6,838
Total Scope 1 – 3 (LB)		7,238	7,262	-	7,042	8,036
Outside of Scopes⁵		106	42	152%	61	

¹ Data not captured for 2021-22

² GHG emissions for electricity calculated according to the Market-based method, supported by contractual arrangements with suppliers for the purchase of renewable electricity.

³ GHG emissions for grid electricity calculated using UK grid-average (Location-based) emissions factors.

⁴ 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.

⁵ 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 report Out of Scope to ensure transparency.

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(THIS SECTION IS NOT SUBJECT TO AUDIT)

Energy consumption

	2024-25	2023-24	2024-25 Change from 2023-24	2022-23	2021-22
	kWh(m)	kWh(m)		kWh(m)	kWh(m)
Gas	14.3	14.4	1%	14.9	18.2
Electricity – National Grid	6.0	5.7	5%	6.0	5.7
Electricity – Hydro- electric Scheme at Romney Lock, Windsor	0.4	0.7	(43%)	0.7	1.1
Total	20.7	20.8	-	21.6	25.0

Financial metrics

	2024-25	2023-24	2022-23	2021-22
		£'m	£'m	£'m
Expenditure on electricity	2.6	2.2	1.3	0.9
Expenditure on gas	1.1	1.2	1.4	0.5
Expenditure on official business travel	3.0	2.9	2.3	1.7

Waste

	2024-25	2023-24	2024-25 Change from 2023-24	2022-23	2021-22
	Tonnage	Tonnage		Tonnage	Tonnage
Waste recycled	1,267	917	38%*	1,101	1,103
Waste to landfill / incineration	242	265	(9%)	248	419
Total waste	1,509	1,182	28%	1,349	1,522
Expenditure (£'m)	0.2	0.1		0.3	0.3

* Methods of measuring waste have been improved resulting in a more accurate representation of waste volumes and an increase in total waste reported.

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 3: ADDITIONAL NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

Property maintenance

	2025 £m Core	2025 £m BPR	2025 £m Total	2024 £m Total
Projects				
• Construction	8.5	16.1	24.6	31.1
• Fees	2.7	6.4	9.1	9.3
Reactive maintenance	7.4	0.1	7.5	6.6
	<u>18.6</u>	<u>22.6</u>	<u>41.2</u>	<u>47.0</u>

Travel

	2025 £m Core	2024 £m Core
Air travel		
• Helicopters (includes operating lease payments)	1.6	2.0
• Fixed wing (large)	0.2	0.2
• Fixed wing (small)	1.4	0.9
• Scheduled	0.5	0.3
Rail travel (includes operating lease payments)	0.6	0.6
Motor vehicles	0.4	0.2
	<u>4.7</u>	<u>4.2</u>

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Utilities

	2025 £m Core	2024 £m Core
Rates and council tax	1.9	1.9
Electricity	2.6	2.2
Gas	1.1	1.2
Water	0.4	0.4
	<u>6.0</u>	<u>5.7</u>

Housekeeping and hospitality

	2025 £m Core	2024 £m Core
Food and drink	1.8	1.5
Cleaning, laundry and other	1.4	1.1
	<u>3.2</u>	<u>2.6</u>

Other

	2025 £m Core	2025 £m BPR	2025 £m Total	2024 £m Total
Equipment purchase and hire	1.2	-	1.2	1.2
Insurance, legal advice and other professional services	3.6	0.2	3.8	3.9
Printing, postage and stationery	1.5	-	1.5	1.3
Other	1.2	1.3	2.5	2.4
	<u>7.5</u>	<u>1.5</u>	<u>9.0</u>	<u>8.8</u>

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 4: FIVE YEAR INFORMATION

<i>Year to 31 March</i>	2025	2024	2023	2022	2021
	£m	£m	£m	£m	£m
Funding received:					
Grant	<u>86.3</u>	<u>86.3</u>	<u>86.3</u>	<u>86.3</u>	<u>85.9</u>
Income					
Property rental income	4.0	3.8	3.6	3.3	3.4
Facilities management charges	10.5	8.8	0.5	0.4	(0.2)
Recharges for functions and other income	7.0	7.2	5.7	6.2	6.2
	<u>21.5</u>	<u>19.8</u>	<u>9.8</u>	<u>9.9</u>	<u>9.4</u>
Expenditure					
Payroll costs	(29.9)	(27.9)	(27.1)	(23.7)	(24.1)
Other staff costs	(4.1)	(4.0)	(5.0)	(3.8)	(3.3)
Property maintenance	(41.2)	(47.0)	(57.8)	(63.9)	(49.5)
Travel	(4.7)	(4.2)	(3.9)	(4.5)	(3.2)
Utilities	(6.0)	(5.7)	(4.5)	(3.2)	(3.2)
Housekeeping and hospitality	(3.2)	(2.6)	(2.4)	(1.3)	(0.9)
Digital services	(4.5)	(4.3)	(4.0)	(3.2)	(3.7)
Depreciation	(4.1)	(4.4)	(4.3)	(3.4)	(3.3)
Other	(9.0)	(8.8)	(8.3)	(5.3)	(5.7)
	<u>(106.7)</u>	<u>(108.9)</u>	<u>(117.3)</u>	<u>(112.3)</u>	<u>(96.9)</u>
Total net expenditure	<u>(85.2)</u>	<u>(89.1)</u>	<u>(107.5)</u>	<u>(102.4)</u>	<u>(87.5)</u>
Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve	<u>1.1</u>	<u>(2.8)</u>	<u>(21.2)</u>	<u>(16.1)</u>	<u>(1.6)</u>

PERFORMANCE INDICATORS AND OPERATING RATIOS

	2025	2024	2023	2022	2021
Suppliers paid within:					
15 days of receipt of invoice	49%	46%	46%	44%	46%
30 days of receipt of invoice	84%	83%	89%	87%	90%
Staff Numbers (average FTE)	539	523	517	491	508

APPENDICES

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APPENDIX 5: 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;

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- (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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