



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir George Howarth MP  
House of Commons  
London  
SW1A 0AA

5 September 2023

Dear Sir George,

Thank you for your email of 7 August to the Chancellor of the Exchequer enclosing correspondence on behalf of a number of your constituents, about the Sovereign Grant. I am replying as the Minister responsible for this policy area.

It may be useful to first explain the general financing arrangements of the Royal Household. The King receives the Sovereign Grant to fund His official duties as Head of State and maintain the Occupied Royal Palaces. No member of the royal family receives a private income from the Grant or any other public funds.

The Grant was introduced in 2012, replacing the Civil List and various other Grants-in-Aid previously paid to support official duties. The rules governing the Sovereign Grant have been set by Parliament in the Sovereign Grant Act. The Act introduced new oversight and accountability arrangements which meant that, for the first time, the funding for the Monarch's official duties were subject to the same audit scrutiny as other government expenditure. The Grant accounts are audited by the National Audit Office and laid before Parliament every year. This means Parliament can now examine the full level of support to the Royal Household, whereas previously it could only consider aspects of the Royal Finances through its scrutiny of the Grants-in-Aid.

The Grant for this year is £86.3 million and has been largely unchanged since 2020. In return for the Sovereign Grant, The King surrenders the revenue from The Crown Estate to the Government, which significantly outweighs the amount of the Sovereign Grant. By way of illustration, The Crown Estate's Net Revenue Profit for 2022-23 was £442.6 million. Over the last ten years The Crown Estate has contributed over £3.2 billion to the Exchequer which has helped fund vital public services such as the NHS, transport, schools and defence.

The Grant is set by reference to the profits of The Crown Estate. Originally set at 15 per cent of The Crown Estate's profits, this figure was temporarily increased to 25 per cent from 2017, to fund a ten-year programme of essential reservicing of Buckingham Palace's infrastructure. Reservicing is essential to overhaul the Palace's plumbing, electric cabling and heating which had not been updated since shortly after the Second World War and to avoid the very real danger of catastrophic failure to fire or flood.

Following the latest review of the Sovereign Grant, published in July, the percentage of Crown Estate profits used in the calculation of the Grant will be cut to 12 per cent. This reflects an expected significant increase in The Crown Estate's profits due to additional income from offshore wind developments. As a result, an even greater proportion of The Crown Estate's revenues will be available to support the delivery of public services. The expected increase from 2025 will provide the remainder of the amount agreed in 2016 for Buckingham Palace Reservicing, as well as funding to allow the Household to continue to address the wider property maintenance backlog. Outside of these property maintenance costs, expenditure by the Household is not expected to increase above inflation compared with pre-Covid 19 levels of expenditure.

Once Buckingham Palace reservicing is complete, the Government will reset the level of the Grant to an appropriate lower level.

Please pass on my thanks to your constituents for taking the time to make us aware of their concerns. I hope this information is helpful.

Yours sincerely,

A handwritten signature in black ink, reading "Gareth Davies". The signature is written in a cursive style with a large initial 'G' and a long, sweeping tail.

**Gareth Davies MP**  
**EXCHEQUER SECRETARY TO THE TREASURY**