



HM Treasury

Sovereign Grant Act 2011:
**Report of the Royal Trustees
on the Sovereign Grant 2025-26**

March 2025

Sovereign Grant Act 2011:

Report of the Royal Trustees on the Sovereign Grant 2025-26

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



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Report of the Royal Trustees on the Sovereign Grant 2025-26

Legislative background

Calculation and payment of the Sovereign Grant

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

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

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

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

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

⁴ Section 1(4) of the 2011 act.

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

Step 1

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

Step 2

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

Step 3

Find the greater of—

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

That amount is “the Step 3 amount”.

Step 4

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

Step 5

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

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

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

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

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

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

- (a) the Step 3 amount, or
 - (b) if Step 4 applies, the Step 3 amount as reduced by the reduction (if any) made under Step 4
- 1.3 In exercising their powers under Step 4, the Royal Trustees must act in a way they expect will result in the adjusted value of the Reserve Fund at the end of the relevant financial year being about 50% of the audited net relevant resources used for that year.¹¹

Report of the Royal Trustees

- 1.4 Each financial year the Royal Trustees must prepare a report stating their determination of the grant for the following year and how that amount has been determined.¹² The report must be prepared as soon as practicable after the Comptroller and Auditor General has reported on:
- the statement of accounts of the Royal Household for the previous financial year
 - the statement of accounts of the Reserve Fund for that financial year
 - the statement of accounts for that year prepared by The Crown Estate Commissioners¹³
- 1.5 The Royal Trustees must give a copy of this report to the Treasury and the Treasury must lay the report before Parliament.¹⁴

The report

- 1.6 This report is made by the Royal Trustees under section 5(1) of the 2011 act.

¹¹ Section 6(4) of the 2011 act.

¹² Section 5(1) of the 2011 act.

¹³ Section 5(2) of the 2011 act.

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

- 1.7 This report states the determination of the Royal Trustees of the amount of the Sovereign Grant for the financial year 2025-26. It also states how that amount has been determined.

Sovereign Grant for the financial year 2025-26

- 1.8 The amount of the Sovereign Grant for the financial year 2025-26 is £132,100,000.
- 1.9 A statement of how that amount has been determined by the Royal Trustees is included in annex A to this report.
- 1.10 This represents the first increase in the grant amount since 2021-22. Following the July 2023 review of the Sovereign Grant, 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 grant was cut from 25 per cent to 12 per cent, to ensure the grant continues to be set at an appropriate level. This reduction was consistent with both the requirements of the 2011 act and The King's own wishes.
- 1.11 The 2023 review recognised that this reduced percentage rate would still lead to a significant but temporary increased grant amount for two years from 2025-26. This will provide the remainder of the funding agreed in 2016 for reservicing work to address fire and flood risks at Buckingham Palace. Further detail on the 2023 review is included in annex B to this report.
- 1.12 The Government has also confirmed its intention to bring forward legislation to reduce the grant amount from 2027-28, once all agreed funding for reservicing has been provided.

The Rt Hon. Sir Keir Starmer, MP

The Rt Hon. Rachel Reeves, MP

James Chalmers

March 2025

Annex A

Statement of how the Sovereign Grant for 2025-26 has been calculated

A.1 The Sovereign Grant for 2025-26 has been determined in accordance with section 6 of the 2011 act as follows.

Step 1

The income account net surplus of The Crown Estate for 2023-24 was £1,100,700,000¹⁵

12% of £1,100,700,000 is £132,084,000

Step 2

£132,084,000 rounded up to the nearest £100,000 is £132,100,000.

Step 3

The grant amount for the financial year 2024-25 was £86,300,000.

The greater of £132,100,000 and £86,300,000 is £132,100,000.

The Step 3 amount is, therefore, £132,100,000.

Step 4

The adjusted value of the Reserve Fund at the end of the financial year 2023-24 was £5,500,000.¹⁶

The audited net relevant resources used for the financial year 2023-24 were £89,100,000.¹⁷

50% of £89,100,000 is £44,550,000.

¹⁵ See page 129 [TCE_AR24_Web_Laying.pdf](#)

The entry 'consolidated revenue profit' in the Consolidated Revenue Account is the income account net surplus of The Crown Estate for 2023/24.

¹⁶ See page 86 of [Sovereign Grant Annual Report and Accounts 2023-24 for laying.pdf](#)

No payments to and from the Reserve Fund in respect of the financial year 2023-24 have been made which are not reflected in the Annual Report and Accounts.

¹⁷ See page 84 [Sovereign Grant Annual Report and Accounts 2022-23 for laying.pdf](#)

The entry Total net expenditure in the Statement of Income and Expenditure is the audited net relevant resources for 2023-24.

Step 4 does not, therefore, apply for the financial year 2025-26, since the adjusted value of the Reserve Fund at the end of 2023-24 did not exceed 50% of the audited net relevant resources used for that year.

Step 5

The grant for the financial year 2025-26 is the Step 3 amount, that is £132,100,000

Annex B

2023 Review by the Royal Trustees under section 7 of the Sovereign Grant Act 2011

- B.1. 2025-26 is the second year where Step 1 under section 6 of the 2011 act has been calculated as 12% of the income account net surplus of The Crown Estate for the base year.
- B.2. This follows the Sovereign Grant Act 2011: Report of the Royal Trustees on the Sovereign Grant Review 2023 (“the 2023 report”)¹⁸, which was prepared under section 7 of the 2011 act and which concluded that it was appropriate to reduce the percentage used in Step 1 from 25% to 12%¹⁹.
- B.3. This conclusion was in part informed by the expectation that The Crown Estate’s future income account net surplus would be impacted by substantial additional income from Offshore Wind option fees received from January 2023²⁰.
- B.4. The 2023 report recognised that in setting the percentage used in Step 1 at 12%, the grant amount was projected to increase significantly for 2025-26 and be maintained at a similar level in 2026-27. The Royal Trustees concluded in the 2023 report that they were satisfied that this expected funding profile was appropriate given, in particular, the several preceding years of flat grant levels which had constrained activity in respect of property maintenance work and Buckingham Palace Reservicing²¹.

¹⁸ [Sovereign Grant Act 2011 - Report of the Royal Trustees on the Sovereign Grant Review 2023.pdf](#).

¹⁹ See paragraphs 1.5 and 7.3 of the 2023 report.

²⁰ See paragraph 1.6 of the 2023 report.

²¹ See paragraph 7.6 of the 2023 report.

- B.5. Buckingham Palace Reservicing is a ten-year, £369 million programme of reservicing of Buckingham Palace's infrastructure, which commenced in 2017. It was judged that, as elements of the Palace's plumbing, electrical cabling and heating had not been updated since shortly after the Second World War, the building's infrastructure was in urgent need of major overhaul to avoid the very real danger of catastrophic failure leading to fire or flood.
- B.6. In 2016, the then-government agreed that the funding for the Reservicing Programme should be delivered via a temporary increase to the grant amount for the ten-year duration of the programme. As a result of several years of flat grant levels, the increase in the grant in the final two years of the programme is needed to deliver the remaining £100.3 million of the originally agreed funding.
- B.7. The next review of the percentage of The Crown Estate's surplus income used in the calculation of the Grant will commence in 2026. For that review, the Royal Trustees will consider what percentage rate should be used in the calculation for 2027-28 onwards, to ensure the grant is set at an appropriate level once Buckingham Palace Reservicing is complete. The Government has confirmed its intention to bring forward legislation to enable this reset of the grant.

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