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The Royal Household's Report on Royal Finances

June 2026

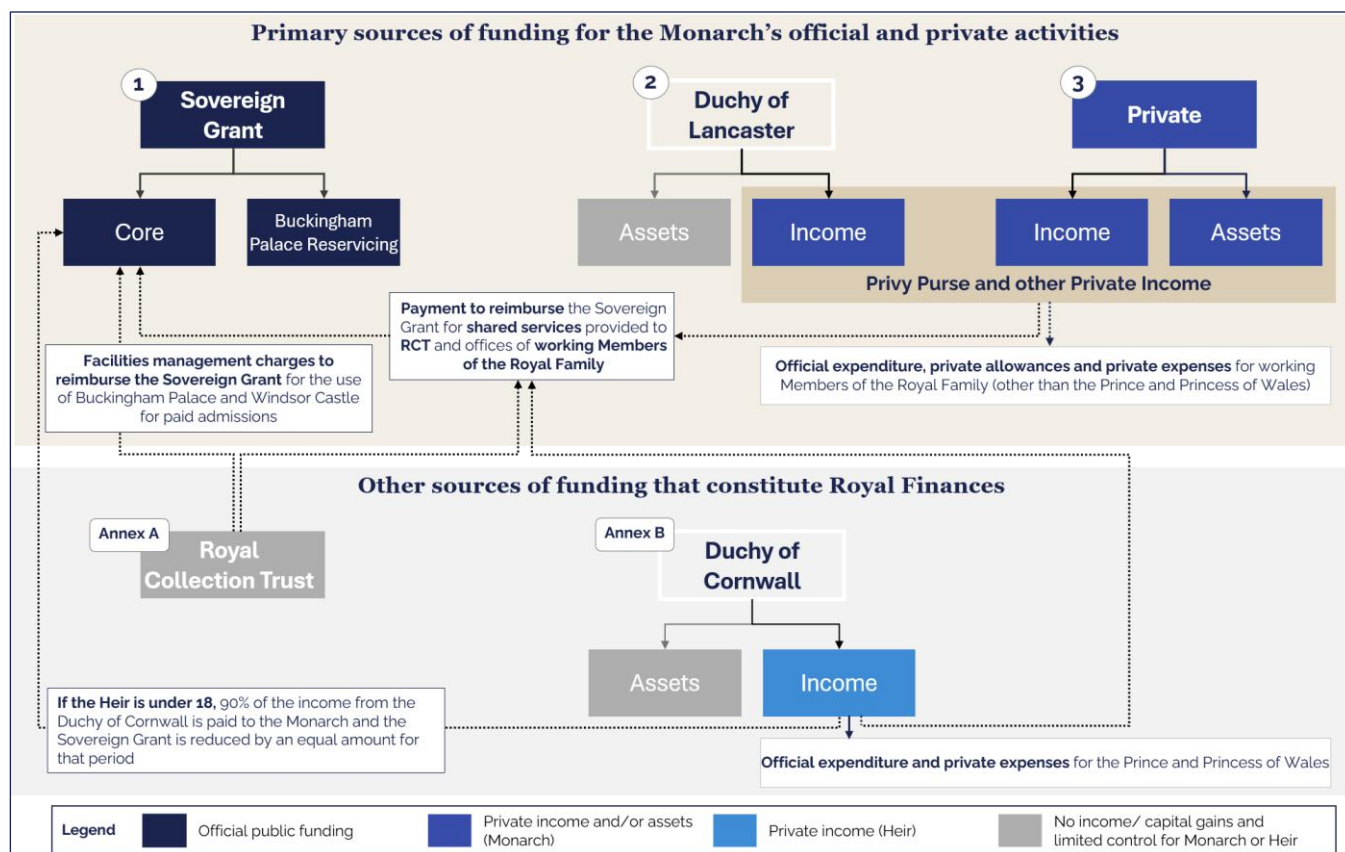
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Introduction

The purpose of this document is to explain the various sources of funding which may be termed ‘Royal Finances’, how these sources function and the scrutiny which is applied to them. To aid further transparency, this document also details how the Royal Finances relate to the Royal Collection Trust (Annex A) and Duchy of Cornwall (Annex B).

Figure 1. Key funding sources that constitute Royal Finances



There are three primary funding sources for The Monarch's official and private activities:

- A government grant ("The Sovereign Grant") with strict rules on how it can be spent and supplementary income generated by the Royal Household.¹
- Income from the Duchy of Lancaster.
- Other private property and investments.

¹ The funding provided to support the official duties of The Sovereign and maintain the Occupied Royal Palaces is provided under the Sovereign Grant Act 2011 and is referred to as the 'Core' Sovereign Grant. The temporary funding provided under the Act to fund the Reserving of Buckingham Palace is referred to as 'Buckingham Palace Reserving'.

1. Sovereign Grant

The purpose of the Sovereign Grant is to provide financial support for The Monarch's official duties as Head of State, Head of Nation and Head of Commonwealth. The Monarch is supported in carrying out his duties by other working Members of the Royal Family.

Since 1760, each Monarch has surrendered the entire revenues of The Crown Estate to the Government in exchange for an annual grant from public funds, set most recently under the terms of the Sovereign Grant Act 2011.^{2,3} The Act and supporting documentation set out the areas for which the Sovereign Grant can be used:

- Expenditure to support His Majesty's official duties as Head of State and Head of Nation, as part of the United Kingdom's constitutional arrangements.
- The staff costs and running expenses of His Majesty's official Household.
- Maintenance of the Occupied Royal Palaces in England.^{4,5}
- Travel by working Members of the Royal Family representing His Majesty in undertaking official duties.

In addition to The King and Queen, there are nine other working Members of the Royal family: The Prince and Princess of Wales, The Duke and Duchess of Edinburgh, The Princess Royal, The Duke and Duchess of Gloucester, The Duke of Kent and Princess Alexandra.

In a longstanding arrangement, working Members of the Royal Family are provided with an official residence and office at no cost in exchange for carrying out official duties. The Sovereign Grant does not provide any Member of the Royal Family with a salary or personal income – including The King.

The staff costs and personal incomes of other working Members of the Royal Family are provided by The Monarch from the private income received from the Duchy of Lancaster, except for the Prince and Princess of Wales, who are funded by the Duchy of Cornwall.

In 2016, the Sovereign Grant was temporarily increased to fund a ten-year reservicing programme of Buckingham Palace.

² [Sovereign Grant Act 2011 Guidance](#) (updated 5 August 2025)

³ On 1 April 2012, the Sovereign Grant Act came into effect, replacing the Civil List and the three Grants-in-Aid (for Royal Travel, Communications and Information, and the Maintenance of the Royal Palaces) with a single, consolidated annual grant. The Act was introduced to consolidate the financial support provided to the Monarch and introduce new arrangements to strengthen the accountability and scrutiny of the Royal Household's spending on the Monarch's official duties.

⁴ The Occupied Royal Palaces are Buckingham Palace, St James's Palace, the residential and office areas of Kensington Palace, the Royal Mews and Royal Paddocks at Hampton Court, Windsor Castle and buildings in the Home and Great Parks at Windsor.

⁵ Maintenance of the Palace of Holyroodhouse is funded by the Scottish Government and delivered through Historic Environment Scotland.

How the Sovereign Grant is determined

The Sovereign Grant Act (2011) sets out how the Sovereign Grant is calculated. The Act states that the size of the Sovereign Grant for a given year is normally equal to a prescribed percentage of The Crown Estate's revenue account profit for the financial year two years prior.⁶

The amount of the Sovereign Grant for each successive year cannot be lower than the financial year that immediately precedes it. This provides stability to enable the Household to conduct medium-term planning and mitigates possible volatility in the revenue account profit generated by The Crown Estate.

At five-yearly intervals, the Sovereign Grant Act requires the Royal Trustees (the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse) to review the grant formula by considering whether the percentage currently used to calculate the value of the Sovereign Grant remains appropriate. If the Royal Trustees conclude that the percentage should be changed, the Sovereign Grant Act requires HM Treasury to lay an order (statutory instrument) to amend the percentage.

As the Act currently restricts the Sovereign Grant amount from being set lower than the preceding year's amount, the Government has committed to bring forward legislation to enable the Sovereign Grant for 2027-28 to be set at a lower amount, once the temporary funding for Buckingham Palace Reservicing is no longer needed. This legislation will give effect to both the new reference percentage and the lower Sovereign Grant amount calculated for 2027-28.

There are safeguards to control the size of the Grant. If the whole of the Grant is not spent in a given year, the surplus is transferred into a Reserve Fund, controlled by the Royal Trustees. If the amount in the Reserve Fund rises above 50 per cent of the audited net relevant resources used for that year, the Royal Trustees can set the Sovereign Grant at a lower level than the formula would otherwise generate.

Report of the Royal Trustees on the Sovereign Grant Review 2026

The most recent review of the Royal Trustees was published on 25th June 2026 and covers the Sovereign Grant for the five years ending 31st March 2032. The report includes the following:

"In coming to their conclusions, the Royal Trustees have taken account of the following.

- *How the Grant has been utilised since the previous review concluded, including an assessment of the Royal Household's income and expenditure. The evidence presented*

⁶ The Crown Estate is an independent commercial business set up by the Crown Estate Act 1961 to manage land and the seabed around England, Wales and Northern Ireland. It is a non-financial public corporation with a wide portfolio of land and property managed on behalf of the government. The revenue account profit from The Crown Estate is paid each year to HM Treasury for the benefit of the nation.

shows that the Sovereign Grant has successfully delivered the resources that the Royal Household need in order to support The Monarch's Programme and progress the Buckingham Palace Reservicing Programme.

- *Expected costs over the period 2027-28 to 2031-32, including planned maintenance work on the Occupied Royal Palaces to address the ongoing backlog in maintenance, planned replacement of ageing legacy systems to strengthen cyber-security, and planned work to install energy efficient heating systems, while noting that funding will no longer be required for the Buckingham Palace Reservicing Programme.*
- *Factors likely to influence both the revenue account profit of The Crown Estate used in the calculation of the Sovereign Grant and the income supplementing the Sovereign Grant to 2031-32. The Crown Estate's revenue account profits used in the grant calculation formula over the next period will be significantly impacted as the temporary additional income from Offshore Wind option fees will cease as those projects move into the development phase.⁷*

Overall, the Royal Trustees concluded that the expected costs over the period 2027-28 to 2031-32 will be lower than in the previous five-year period, reflecting the fact that funding for Buckingham Palace Reservicing is no longer required.

They noted that The Crown Estate's revenue account profits would fall, that The Crown Estate has increased the proportion of gross revenue being retained for investment and that The Crown Estate's revenue account profit is expected to remain below its 2025-26 level across the course of the next review period.

Given the calculation formula prescribed in the Sovereign Grant Act (2011), the Trustees therefore expect the annual Grant amount to remain flat at the 2027-28 level across each year of the next review period to 2031-32. The Trustees recognise this will represent a further real terms reduction in the Grant amount each year.

As a result, the Trustees concluded that the reference percentage should be changed to 20.5 per cent (previously 12 per cent). New legislation will be introduced to update the reference percentage and the lower annual Grant level calculated from it.

As a result, the annual Grant amount will fall to £99.9 million from 2027-28 (£137.9 million in 2026-27, of which £40.3 million provides the final tranche of funding for the Buckingham Palace Reservicing Programme).

The amount of Sovereign Grant beyond that will be reconsidered at future reviews, in accordance with the Sovereign Grant Act. The next review is planned for 2031.

⁷ The Report of the Royal Trustees on the Sovereign Review 2026 is published on [HM Treasury - GOV.UK](https://www.gov.uk/government/publications/sovereign-review-2026)

Supplementary income generated by the Royal Household

The Sovereign Grant framework agreement states that “*the Royal Household should seek to optimise income from non-Treasury sources where this is consistent with the main functions of the Sovereign Grant.*”⁸ In line with this agreement, the Royal Household generates supplementary income from the following sources:

- Facilities management charges from the Royal Collection Trust for services provided in connection with admitting the public to Windsor Castle and Buckingham Palace (£11.0 million in 2025-26).
- Recharges for shared services provided to the Royal Collection Trust and other Households to deliver economies of scale and ensure cyber-security resilience (including Digital Services, Human Resources, and Finance) and recharges from external functions held at the Occupied Royal Palaces on behalf of the Royal Collection Trust, patronages supported by other Members of the Royal Family, and the government (£6.4 million in 2025-26).
- Rental income (£3.9 million in 2025-26) including:
 - Properties let to Household staff supporting the Royal Family, including those holding the requisite security clearance to occupy properties within the security cordons.
 - Properties within secure, cordoned areas for non-working Members of The Royal Family and a limited number of other tenants with the requisite security clearance (e.g. Ministry of Defence).
 - Properties outside the security cordon that are available on the open market.

Royal Household supplementary income totalled £21.3 million in 2025-26 reducing the requirement for public funding.

Buckingham Palace Reservicing Programme

The Buckingham Palace Reservicing Programme is a ten-year project to update the Palace’s plumbing, electrical cabling and heating, which had not been updated since shortly after the Second World War. The programme is replacing these aging core services to mitigate the very real danger of catastrophic failure leading to fire or flood.

In the 2016 Sovereign Grant review, the then Royal Trustees concluded that the percentage used to calculate the Grant should be changed to provide a temporary increase in resources to fund this work.

Following a rigorous Outline Business Case, in 2016, HM Treasury approved a budget of £369 million to deliver a ten-year phased programme of works to ensure the Palace is fit for future generations.

⁸ [Sovereign Grant Framework Agreement](#) (updated 5 March 2022)

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.”*⁹

The reservicing programme commenced in 2017 and is due to be completed in March 2027. If needed, any additional funding requirement will be met from the Sovereign Grant Reserve.

Role of HM Treasury and Governance

HM Treasury

HM Treasury is the sponsoring department of the Royal Household and therefore responsible to Parliament for the Sovereign Grant.¹⁰ The Grant is included in HM Treasury’s budget. As such, HM Treasury is responsible for paying the Grant to the Royal Household and ensuring that it complies with all necessary requirements. There are two guiding documents that underpin the relationship between HM Treasury and the Royal Household:

1. The Sovereign Grant Framework Agreement is a Memorandum of Understanding between HM Treasury and the Royal Household that establishes the accountability and financial rules for managing the Sovereign Grant. This document formalises how public money is provided to the Royal Household to fund the Sovereign’s official duties and maintain the Occupied Royal Palaces. This agreement also specifies the responsibilities of the Permanent Secretary to the Treasury, the Treasury Officer of Accounts, and the Keeper of the Privy Purse.
2. HM Treasury’s Managing Public Money sets the principles and standards (governance, decision-making and financial management) under which all central government funding, including the Sovereign Grant, is managed and lists the areas where the Accounting Officer takes personal responsibility.¹¹ These include affordability and sustainability, respecting agreed budgets and avoiding unaffordable longer-term commitments, taking a proportionate view about other demands for resources, as well as ensuring value for money. This means ensuring that the organisation’s procurement, projects, programmes and processes are systematically evaluated to provide confidence over their suitability, effectiveness, prudence, quality, and good value (judged for the Exchequer as a whole, not

⁹ [Progress on the Buckingham Palace Reservicing Programme, National Audit Office, 2024](#)

¹⁰ [Royal Household Spending and Accountability, National Audit Office, 2023](#)

¹¹ [Managing Public Money, 2026](#)

just for the Royal Household); and that they can be delivered sustainably, and to the agreed time, cost and quality.

HM Treasury meets every two months with representatives of the Royal Household to ensure regular oversight of both Sovereign Grant plans and performance. Spending plans costing more than £6 million are subject to specific Treasury scrutiny and approval.

Accounting Officer

The Keeper of the Privy Purse and Treasurer to The King (the “Keeper”) is the Accounting Officer for the Sovereign Grant and is accountable to HM Treasury and to Parliament. The Keeper is responsible for safeguarding the public funds for which he has charge, ensuring propriety and regularity in the handling of those funds, and the day-to-day operations and management of the Sovereign Grant. In accordance with the Sovereign Grant Framework Agreement, the Keeper prepares a statement of accounts relating to the use of the Sovereign Grant and the Sovereign Grant Reserve, which is independently audited.¹²

The Royal Household submits an annual budget for the forthcoming year for the Sovereign Grant and the plan for the next three years to the Treasury, which includes: key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives; a review of performance in the preceding financial year; an estimate of performance in the current year; an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and other matters as agreed between the Treasury and the Royal Household.

The Royal Household provides the Treasury with the following: monthly management accounts including explanations of major variances against budget and the latest forecast; and cashflow information supporting the monthly Sovereign Grant requirement. These monthly management accounts are formally reviewed by the Royal Household’s Operations Committee, Lord Chamberlain’s Committee, and Audit and Risk Assurance Committee to ensure that the Sovereign Grant is used economically, efficiently and effectively to secure good value for money, in accordance with propriety and regularity.

*Royal Household Committees*¹³

The **Lord Chamberlain’s Committee** (LCC) acts as the board for the Royal Household. The role of the LCC 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

¹² [Sovereign Grant Framework Agreement](#) (updated 5 August 2022)

¹³ Further detail on Royal Household Committees may be found in the Annual Report and Accounts - [Sovereign Grant Annual Reports](#)

Monarch. The LCC considers issues and topics that are strategic, have high impact or cross-Household implications.

The LCC is chaired by the Lord Chamberlain and the members of the LCC (comprising both executive and external, independent members) have a broad range of experiences relevant to the Royal Household's activities. The LCC meets formally at least eight times per year. There are a number of sub-committees in place to support the Lord Chamberlain's Committee to meet its objectives.

- The **Operations Committee** is responsible for overseeing the strategic implementation of the LCC's agreed priorities. Its objectives are to lead the implementation of plans across the Royal Household, monitor performance, and ensure that plans are suitably future focused. The Committee ensures the right structures, culture, capability and infrastructure are in place to deliver current plans and future requirements. The Committee meets monthly and 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 **Risk Committee** brings together individuals from the Royal Household who are accountable for key strategic and operational risk areas, together with relevant subject matter experts. The Committee advises the LCC and the Audit and Risk Assurance Committee (ARAC, details below) in its oversight of the effectiveness of the Royal Household's Enterprise Risk Management Framework. In doing so, the Committee assists the LCC and the 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, as well as its business continuity and crisis management preparedness. It supports risk owners to identify, assess and manage risk across the whole risk landscape, ensuring achievement of the Royal Household's aims and objectives. The Risk Committee meets every two months and is chaired by the Deputy Treasurer to The King.
- The **Audit and Risk Assurance Committee (ARAC)** is a requirement of the Sovereign Grant Framework Agreement and 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 King's Household (as Senior Responsible Owner) with regard to the Buckingham Palace Reservicing Programme. The Chair of the Audit and Risk Assurance Committee reports to the LCC after every meeting and provides an annual report on the ARAC's activities and responsibilities to support approval of the Annual Report and Accounts by the LCC. The ARAC comprises four external, independent members who are appointed by the LCC and have a broad range of

experiences relevant to the Royal Household's activities. The Committee meets not less than three times a year. Executive attendees of the ARAC comprise the Keeper, Deputy Treasurer to The King, Finance Director (Sovereign Grant), Master of the King's Household, as well as representatives of the National Audit Office (the external auditors), Internal Audit, and HM Treasury, at the invitation of the Committee.

National Audit Office

The Sovereign Grant Act (2011) places the audit and accountability arrangements for the Royal Household onto the same footing as other publicly funded bodies. The Comptroller and Auditor General (C&AG), who leads the National Audit Office (NAO), is the statutory auditor of the Sovereign Grant and Sovereign Grant Reserve annual accounts, which are laid before Parliament. The NAO may also undertake value for money reviews to scrutinise its use of public funds.

Internal Audit

The internal audit function takes a risk-based approach to audits through a plan of work that is approved by the ARAC and aligned to the risk registers and Royal Household objectives. The findings of reviews conducted by the internal audit function are reported to ARAC, as are the implementation of recommendations.

2. Duchy of Lancaster

The Duchy of Lancaster is a private estate in England and Wales. Established under charter, it has been the personal estate of the reigning Monarch since 1399 and is held separately from all other Crown possessions.¹⁴ The estates and jurisdiction known as the Duchy of Lancaster passed to His Majesty King Charles III when he acceded to the throne in 2022.

The rural estates consist of 41,910 acres of land in England and Wales (as of March 2026) and comprise commercial, agricultural and residential properties, the majority of which are in Lancashire, Yorkshire, Cheshire, and Staffordshire. Additionally, the Duchy has a significant commercial property portfolio, including the Savoy precinct off the Strand in London and a variety of logistics assets across England, and a portfolio of financial investments.

The Crown Lands Act of 1702 stipulated that The Sovereign should only receive income and not capital from the Duchy, an arrangement that continues to this day. The Duchy of Lancaster provides The Monarch with a source of private income that is independent of Government and the public purse. Constitutional impartiality requires a degree of financial independence for The Monarch. This income helps to ensure that The Monarch is not subject to outside influence and allows the Monarch to support working Members of the Royal Family, except for the Prince and Princess of Wales, who are funded by the Duchy of Cornwall.

The legislation which governs the Duchy requires its capital to be preserved and passed on to the next Monarch.¹⁵ The Monarch is not at liberty to use the proceeds from any sales of Duchy assets, which are retained and reinvested within the estate to support its long-term sustainability.

Assets and income

For the financial year ended 31st March 2026, the Duchy of Lancaster reported total net assets of £687.3 million, primarily constituted of investment property. The annual adjusted net surplus from the Duchy is distributed to the Privy Purse for The Monarch. For the financial year ended 31st March 2026, the adjusted net surplus was £25.2 million.

¹⁴ [Duchy of Lancaster Annual Report and Accounts](#)

¹⁵ Legislation includes, but is not limited to, the Crown Lands Act 1702, the Duchy of Lancaster Act 1817, the Duchies of Lancaster and Cornwall (Accounts) Act 1838, the Duchy of Lancaster Lands Act 1855, the Duchy of Lancaster Act 1920, the Duchy of Lancaster Act 1988, and the Trustee Act 2000.

Governance

The Duchy of Lancaster is governed by a number of statutes which place constraints and controls upon the management and administration of the Duchy.¹⁶

Chancellor of the Duchy of Lancaster

The Chancellor of the Duchy of Lancaster, who is always a member of the Cabinet in Government, is responsible to The Monarch for the administration of the Duchy.

The appointment to the role of Chancellor is made by The Monarch on the recommendation of the Prime Minister. The Chancellor is accountable to The Monarch personally, rather than to Parliament, for the Duchy's affairs, and receives and surrenders the seals of office separately from other Cabinet colleagues. The Chancellor continues to answer Parliamentary Questions on matters relating to their Duchy responsibilities.

Duchy Council

The Chancellor of the Duchy of Lancaster delegates management functions to the Duchy Council, including managing the property portfolio, overseeing financial investments and handling administrative duties. Appointments to the Council are made by The Monarch on the recommendation of the Chancellor of the Duchy of Lancaster.

The Council convenes five times a year to fulfil its obligations. Members of the Council include two ex-officio appointments: the Receiver General of the Duchy, who is the Keeper of the Privy Purse, and the Clerk of the Council, who is also the Chief Executive Officer of the Duchy of Lancaster. The Council also includes the Duchy's own Attorney General. Other Council members are chosen for their particular skills. The Chancellor appoints one member of the Council to act as Chairman of the Council.

Committees

There are two formal sub-Committees of the Duchy Council, the Audit and Risk Committee and the Remuneration and Nominations Committee.¹⁷ The members of these Committees are all non-executive members of the Duchy Council, and their terms of reference are based on the recommendations of the UK Corporate Governance Code 2024.

In addition to these formal Committees, there are three advisory committees: the Finance Committee, the Rural Committee and the Urban and Strategic Development Committee. Each of these advisory Committees is chaired by a non-executive member of the Duchy Council,

¹⁶ The principal Acts are the Crown Lands Act 1702, the Duchy of Lancaster Act 1817, the Duchies of Lancaster and Cornwall (Accounts) Act 1838, the Duchy of Lancaster Lands Act 1855, the Duchy of Lancaster Act 1920, the Duchy of Lancaster Act 1988, and the Trustee Act 2000.

and their membership comprises both Council members and external members with expertise in the topics considered in these committees.

The Duchy Council is accountable to The Chancellor of the Duchy of Lancaster, and the governance of the Duchy is defined by a number of statutes which place constraints and controls on the administration of the Duchy and its assets. These statutes require that the Duchy is administered to protect and enhance the long-term value of its assets for the benefit of the current and future Monarchs.

Audit

The Duchy of Lancaster is audited by independent external auditors, and this audit is conducted in accordance with International Standards on Auditing (UK) and applicable law. The auditors are independent of the Duchy in accordance with the ethical requirements that are relevant to the audit of the financial statements in the UK, including the FRC's Ethical Standard.

The Duchy of Lancaster is not audited by the National Audit Office because it is a private estate rather than a publicly owned entity.

Role of HM Treasury

The Duchies of Lancaster and Cornwall (Accounts) Act 1838 gave the Treasury a role in the oversight of the Duchy of Lancaster, through the submission of annual financial accounts to Parliament. The officers of the Duchy are responsible for the preparation of accounts which are submitted to the Treasury and then laid before the House of Commons and the House of Lords, so that Parliament can be satisfied that the Treasury is fulfilling its statutory responsibilities.

Bona Vacantia

Receipts for the unclaimed assets of intestate estates and undistributed assets from defunct companies (bona vacantia) within the County Palatine are paid to the Duchy of Lancaster.¹⁸ Title vests in "the King in Right of His Duchy of Lancaster" and is dealt with by the Solicitor for the Affairs of the Duchy of Lancaster. The Solicitor goes to considerable lengths to identify kin, including with the help of genealogists and historical records.

¹⁸ The County Palatine of Lancaster is the area over which the Duchy of Lancaster retains certain historic rights and customs. It was created in 1351 by Edward III for Henry, Fourth Earl of Lancaster giving Henry control of justice and administration in the County as it then was. That control was surrendered some years ago. The historic boundary of the County Palatine of Lancashire remains unchanged and encompasses the administrative Counties of Lancashire, Greater Manchester and Merseyside together with parts of Furness and Widnes.

Since 1 April 2025, all net income from bona vacantia has been transferred on receipt by the Duchy to the Duke of Lancaster's Foundation after making appropriate provisions to meet any late claims in case of surviving relatives making future claims to their inheritance. These amounts are held in a segregated Late Claim Fund.

The Duke of Lancaster's Foundation is a registered charity which makes grants to:

- Support local communities in the Duchy.
- Preserve, restore and enhance public and historic properties across the Duchy of Lancaster estates.
- Protect biodiversity and the natural environment.

The Duke of Lancaster's Foundation is governed by a board of five Trustees, comprising the Chairman of the Council of the Duchy, the Receiver General of the Duchy, the Attorney General of the Duchy and two independent trustees.

The Foundation is provided with certain services by Duchy of Lancaster personnel, including the keeping of accounts and financial administration. These are charged for at cost by The Duchy.

In addition to the grant making described earlier, The Foundation also makes grants to two other charities related to the Duchy. The Duchy of Lancaster Benevolent Fund, established in 1993, makes donations to a wide range of charitable causes, primarily in the County Palatine. The Duke of Lancaster Housing Trust, established in 2007, provides affordable rural housing primarily within or close to the Duchy's estates.

The King has reaffirmed that money from Bona Vacantia should not benefit the Privy Purse but should be used for charitable purposes in support of the objectives of the three Duchy charities. The King enacted this rule following his accession to ensure all net income arising from bona vacantia is transferred to the Duke of Lancaster's Foundation and charitable causes. This followed a similar decision instituted for the Duchy of Cornwall when he was Prince of Wales.

Taxation

The Monarch is not entitled to the proceeds or profit on the sale of capital assets and only receives the annual income after expenses generated by the Duchy of Lancaster. This annual net income is voluntarily subject to income tax on The Monarch personally, as described in Section 3.

3. Privy Purse and other Private Income

The Monarch's Privy Purse and other private income is a combination of the income from the Duchy of Lancaster (as described in Section 2), his own personal investment portfolio and his estates. The King's investment portfolio is managed on a fully discretionary basis. Individual investment decisions are made by managers in accordance with their mandate but with no further input from The Monarch on investment decisions.

From these sources of private income, The Monarch funds several major areas of expenditure:

- Costs for other working Members of the Royal Family to run their offices that support each of them in conducting their official duties (undertaken on behalf of The Monarch) and other activities in the national interest. It also includes an element of personal funding as working Members of the Royal Family are not permitted to receive additional paid remuneration from other sources.¹⁹
- Payments made to and in connection with staff employed, or pensioners previously employed, for official purposes not covered by the Sovereign Grant.
- Costs to run and repair The Monarch's private residences and estates, including Balmoral and Sandringham.
- Private expenses.
- Taxation.

Audit

The Privy Purse is audited by independent external auditors, and this audit is conducted in accordance with International Standards on Auditing (UK) and applicable law. The auditors are independent of the Privy Purse in accordance with the ethical requirements that are relevant to the audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard.

Taxation

The Monarch is not legally liable to pay income tax, capital gains tax or inheritance tax because the relevant enactments do not apply to the Crown. However, since 1993, under an arrangement announced by Prime Minister John Major and then formalised with HM Treasury, The Monarch voluntarily pays tax, taking account as necessary of the unique circumstances of the Monarchy.

¹⁹ In addition to The King and The Queen, working Members of the Royal Family who receive funding from the Privy Purse are the Duke and Duchess of Edinburgh, the Princess Royal, the Duke and Duchess of Gloucester, the Duke of Kent, and Princess Alexandra. The Prince and Princess of Wales have an income from the Duchy of Cornwall.

The basis on which The King (and The Prince of Wales) make voluntary tax payments is set out in HM Treasury's *Memorandum of Understanding of Royal Taxation*.²⁰

Income tax

Income tax is paid on Privy Purse income to the extent that the income is not used for official purposes and on all other private sources of income such as investment income and trading profits.

No account is taken of the Sovereign Grant provided to support The King in the fulfilment of his Official Duties or of the cost of facilities and services borne on the Votes of Government Departments, since these are provided by Parliament to meet official expenses and to provide facilities for the performance of official business.

Capital gains tax

Capital gains tax is paid in respect of chargeable gains arising from the disposal of Privy Purse and other private assets. Since the Monarch is not entitled to the assets or capital gains of the Duchy of Lancaster, no account is taken of capital gains or losses arising from the disposal of its assets.

Inheritance tax

Inheritance tax will not be paid on gifts or bequests of private assets from one Sovereign to the next but will be payable on gifts and bequests to anyone else. The reasons for not taxing assets passing to the next Sovereign are that private assets such as Sandringham and Balmoral have official as well as private use, and that the Monarchy as an institution needs sufficient private resources to enable it to continue to perform its traditional role in national life, and to have a degree of financial independence from the Government of the day.

Value Added Tax (VAT)

VAT returns are filed quarterly in line with HMRC's requirements, and amounts are paid to or recovered from HMRC accordingly.

Other taxes

Employer taxes and local rates (business rates and council tax) are paid in line with requirements.

Disclosure

His Majesty's tax payable for 2024-25 was £12.9 million (2023-24: £11.7 million). The total amount of tax payable by His Majesty since accession to the Throne is more than £30 million.

²⁰ [Memorandum of Understanding on Royal Taxation, 2023](#)

The tax payable for 2025-2026 is not yet available as the underlying figures are subject to audit and review in accordance with our normal reporting timetables.

His Majesty's tax payments are reviewed by independent tax accountants.

Annex A: The Royal Collection Trust

The Royal Collection is held in trust by The King as Sovereign for his successors and the nation. It is not owned by him as a private individual, cannot be sold for private benefit and is treated as an inalienable heirloom property of the Monarch.

With over a million objects, from paintings, drawings and books to sculpture, furniture and jewellery, it is a unique record of British kings and queens over the past 500 years, with many items still used today for their original purpose. The Collection is exhibited primarily within areas of the official residences of The Monarch, and in the properties maintained by Historic Royal Palaces (an independent charity that manages the UK's unoccupied royal palaces) which are open to the public.

Where works of art are not on public view, many of these items are made available to the public in other ways, most notably through exhibitions at The King's Galleries in London and Edinburgh, but also through loans to other museums and galleries both within the UK and overseas (including travelling exhibitions), and via publications and online access. Every year, hundreds of objects are lent from the Royal Collection to institutions across the UK and abroad for short and long-term display. In 2025-26, short-term loans were sent to 40 exhibitions in the UK and abroad, involving 109 objects, with a further 10,098 works on long-term loan to 121 institutions. In addition to this, there are over 300,093 records about objects in the Collection which are accessible online.

The Royal Collection Trust (RCT) is a charity celebrating the Royal Collection and welcoming visitors to the royal palaces, on behalf of the Sovereign. The RCT's purpose is to:

- Administer, conserve, renovate, repair, maintain, improve and advise on the Royal Collection, the Royal Archives and the Royal Photograph Collection which pass in right of the Crown.
- Educate and inform the Public about such Collections and Archives through exhibition, preparation of catalogues and inventories, research, publication, educational activities, digital engagement and by such other means as appropriate.

RCT operates as one of the five departments of the Royal Household, and the Director is appointed by the Monarch. However, RCT funds itself independently and receives no public funds from the Sovereign Grant or income from the Privy Purse. Instead, it is reliant on income generated by visitor admissions from Windsor Castle, Buckingham Palace and the Palace of Holyroodhouse, and from associated trading activities "*devoted to the achievement of [RCT's] charitable aims*" which are carried out through RCT's trading subsidiary Royal Collection Enterprises Ltd.²¹ The Monarch receives no income from RCT. RCT is a registered charity and may only use its charitable funds in the furtherance of its charitable objectives.

²¹[Royal Collection Trust](#)

RCT pays a facilities management charge to the Household for the use of Buckingham Palace and Windsor Castle for the paid admission of the public. The facilities management charge is calculated on a formula based on the number of visitors to each of these buildings. In the year ended 31st March 2026, RCT paid £11million to the Royal Household as a facilities management charge, which directly supplemented the Sovereign Grant, reducing the need for public funding.

In keeping with the requirement under the Sovereign Grant Framework Agreement with the Treasury that the Royal Household should maximise income to supplement the Sovereign Grant, the Household provides several shared services to RCT to enable efficiencies and economies of scale to enable value for money. This includes Digital Services, HR, Internal Audit, Payroll and Pension Administration, Record keeping and Property Maintenance.

Governance and interaction with the Royal Household

The Royal Collection Trust's Board of Trustees are responsible for setting the strategic direction and monitoring the delivery of its charitable aims. As the activities of Royal Collection Trust require the co-operation and support of the other departments of the Royal Household, these departments are represented on the Board of Trustees through the holders of the following officers of the Royal Household: the Lord Chamberlain, the Principle Private Secretary to The King, the Keeper of the Privy Purse and Treasurer to The King, and the Master of The King's Household. Other Trustees are appointed for their knowledge and expertise in areas relevant to the charity's activities. All Trustees give their time voluntarily and receive no remuneration for their services to The Trust.

The Finance and Audit Committee (FAC) is a sub-committee of the Trustee Board, and it is chaired by an external independent member of the Trustee Board.

In addition, the Trustee Board delegates the day-to-day running of RCT to the Management Board, responsible for delivering the charity's strategic priorities, and for the allocation and management of resources. The Chairman of the Management Board is the Director of the Royal Collection, who is also a Head of Department of the Royal Household and is appointed by The Monarch. In addition to this, members of the Management Board also sit on Royal Household Committees, including the Operations Committee, the Risk Committee and the Lord Chamberlain's Committee.

Use of space within the Occupied Royal Palaces

The Facilities Management Charge Agreement between Royal Collection Trust and the Royal Household sets out the terms for the use of space within Occupied Royal Palaces. RCT is permitted to utilise parts of the Occupied Royal Palaces as shops, offices and other administrative functions, and to sub-licence all or part at a charge to Royal Collection

Enterprises. For this use, RCT is charged a facilities management fee, calculated on the basis of terms set out in the Agreement.

These charges are for the benefit of the Sovereign Grant and reduce the requirement on the public purse. With consent of the Keeper, RCT may also carry out works at their own expense to facilitate the agreed use of various spaces, and at times may also pay a fair contribution to the maintenance of the Occupied Royal Palaces where their use has further impacted those spaces. In addition to this agreement, there are separate, supplemental agreements between RCT and the Keeper relating to the use of The King's Gallery and a licence relating to The Palace of Holyroodhouse.

Annex B: Duchy of Cornwall

The Duchy of Cornwall was created in 1337 by Edward III for his son and heir, Prince Edward, under the Great Charter. Over time, additional land was granted through further Charters. Today, the Duchy's land, property and other assets, along with any proceeds from disposals are managed under the terms of those Charters and the Duchy of Cornwall Management Acts. These set out how assets are held in the right of the Duchy of Cornwall for the benefit of the current and future Dukes of Cornwall.

The Duke of Cornwall is entitled to the Duchy's annual net revenue surplus. However, proceeds from the sale of capital assets are required to be retained and reinvested within the estate to support long-term sustainability and future income. The Duchies of Lancaster and Cornwall (Accounts) Act 1838 also gave HM Treasury a role in the Duchy through the submission of annual financial accounts to Parliament.

His Royal Highness Prince William became the 25th Duke of Cornwall when his father His Majesty King Charles III acceded to the throne in 2022. The current Duchy estate encompasses over 51,861 hectares across 19 counties in England and Wales. It includes arable and livestock farms, residential and commercial properties, as well as forests, rivers, quarries, and coastline.

The Duchy employs more than 200 people, who work across eight offices in London, Bath, Dartmoor, Hereford, Poundbury, Nansledan, Restormel and The Isles of Scilly, as well as in the Duchy's own businesses – Duchy of Cornwall Nursery and Duchy Holiday Cottages. The Duchy runs the harbour on St Mary's in the Isles of Scilly.

Assets and income

For the financial year ended 31st March 2026, the Duchy of Cornwall reported net assets of £1.2 billion, primarily constituted of investment property. The net surplus distributable in the financial year ended 31st March 2026 was recorded as £21.55 million.

If the Duchy has reverted to the Crown, the Monarch is entitled to the income from the Duchy, but the Sovereign Grant reduces by the same amount, and the Treasury will pay an allowance to the heir to the throne, the amount of which depends upon the age of the heir.²²

If the Duke of Cornwall is a minor, 90% of the income from the Duchy of Cornwall is paid to the Monarch and the Sovereign Grant is reduced for that period by an equal amount.

²² Where the Heir Apparent dies leaving a son, the title and possessions of the Duchy do not vest in the son but revert to the Crown. Also, where there is no Duke of Cornwall, the Duchy's assets revert to the Crown and are held pending the emergence of an eligible Heir Apparent. Section 9 (2)-(4), [Sovereign Grant Act 2011](#)

Governance

The 'board' of the Duchy is The Prince's Council, which meets four times a year and is chaired by His Royal Highness the Prince of Wales. With the exception of the Secretary and Keeper of the Records, the Prince's Council is a non-executive body. In addition to the Secretary, there are three other (non-executive) Proper Officers: the Lord Warden of the Stannaries, the Receiver General, and the Attorney General to the Prince of Wales.

There are four additional committees:

- The Executive Committee is chaired by the Secretary and Keeper of the Records and meets monthly. The remit of the committee is to implement strategy and manage all operational activities. There is a dedicated sub-group for strategy delivery.
- The Audit and Risk Committee was formed in 2025 and is chaired by the Receiver General.
- The Remuneration Committee is chaired by the Lord Warden of the Stannaries. It has a remit to review remuneration practices to ensure staff are well motivated through appropriate and fair compensation and that staff costs remain justified and aligned with best practice.
- The Investment Committee, which provides oversight, scrutiny and decision-making of the Duchy's strategy and execution, including all material capital investment proposals.

Audit

The Duchy of Cornwall is audited by independent external auditors, and this audit is conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. The auditors are independent of the Duchy in accordance with the ethical requirements that are relevant to the audit of the financial statements in the UK, including the FRC's Ethical Standard.

The Duchy of Cornwall is not audited by the National Audit Office because it is a private estate rather than a publicly owned entity.

Role of HM Treasury

The Duchies of Lancaster and Cornwall (Accounts) Act 1838 also gave HM Treasury a role in the oversight of the Duchy of Cornwall, through the submission of annual financial accounts to Parliament. The officers of the Duchy are responsible for the preparation of accounts which are submitted to the Treasury and then laid before the House of Commons and the House of Lords so that Parliament can be satisfied that the Treasury is fulfilling its statutory responsibilities.

Additionally, HM Treasury has a limited financial oversight role, as defined by the Duchy of Cornwall Management Acts 1863 and 1982. This is explained further in the Memorandum of Understanding between the Duchy of Cornwall and HM Treasury.²³

Bona Vacantia

The Duke of Cornwall does not profit from Bona Vacantia. After any discretionary payments have been made, all monies are donated to charity.

Taxation

The Prince of Wales is not entitled to the proceeds or profit on the sale of capital assets and only receives the annual income which they generate, which is voluntarily subject to income tax. The Prince of Wales pays income tax, including on his income from the Duchy of Cornwall, to the extent that it is not used to meet official expenditure.

Since the Duchy is treated as a Crown asset, this is *not statutory taxation*, but a **voluntary arrangement**, renewed at the beginning of each reign. As such, income received is taxed in accordance with the arrangements set out in the HM Treasury Memorandum of Understanding on Royal Taxation 2023.

The Duchy of Cornwall is not liable to pay corporation tax as it is a Crown body subject to Crown exemption.

The Prince of Wales pays capital gains tax but not in respect of the Duchy of Cornwall because he does not receive the capital gains (as he is not entitled to the capital assets and any gains through capital sale have to be reinvested in the Duchy).

²³ [Memorandum of Understanding between The Secretary and Keeper of the Records of the Duchy of Cornwall and HM Treasury](#)

