



**The Sovereign Grant
and
Sovereign Grant Reserve**
Annual Report and Accounts
2025 -2026

HC 249



SOVEREIGN GRANT ACT 2011

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and
Sovereign Grant Reserve
Annual Report and Accounts
2025-26

*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 takes the salute as he attends the armed forces and veterans' parade commemorating the 80th anniversary of Victory in Europe (VE) Day in London
5 May 2025

Photograph - Aaron Chown for PA Images

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INTRODUCTION

THE PURPOSE OF 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 this funding has been provided under the Sovereign Grant Act 2011 (the Sovereign Grant Act) and is referred to as the ‘Sovereign Grant’.¹

The Sovereign Grant Act sets 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; and
- travel by working Members of the Royal Family representing His Majesty in undertaking official duties.

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 personal income.

THE OFFICIAL DUTIES OF THE SOVEREIGN

The Sovereign’s role has three key elements, covering the functions of Head of State, Head of Nation, and Head of the Commonwealth.

HEAD OF STATE

The Sovereign is Head of State of the United Kingdom and fourteen other independent countries.²

The Sovereign’s constitutional and representational duties as Head of State, carried out on the advice of Government ministers, constitute the primary role of the Monarchy.

The Sovereign is politically impartial and exercises constitutional powers on the advice of Government ministers. The operation of the UK’s parliamentary constitutional Monarchy is dependent on the effective, timely and reliable delivery of His Majesty’s constitutional role.

As Head of State, His Majesty’s duties include the opening of Parliament, appointment of ministers and other key public officials, granting Royal Assent to legislation, convening the Privy Council and receiving the credentials of foreign Ambassadors and High Commissioners. His Majesty is Supreme Governor of the Church of England and protects the space for Faith within the multi-faith nation.

¹ The Occupied Royal Palaces (sometimes referred to as Occupied Royal Residences) are Buckingham Palace, St James’s Palace (including 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 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.

INTRODUCTION

The King provides pastoral support to our Armed Forces, justice is dispensed in His Majesty's name, and His Majesty is the Fount of Honour.

His Majesty also represents the UK on the global stage, promoting and protecting the UK's national interests and influence internationally.

HEAD OF NATION

As Head of Nation, His Majesty supported by The Queen and other working Members of the Royal Family, provides a focus for national unity and identity – fostering a sense of pride, continuity and stability, whilst strengthening the UK's social fabric and cohesion, particularly at key moments in national life and in times of both celebration and tragedy.

His Majesty also has a special role in bringing communities and faiths together, engaging with them across the regions and nations of the UK. The King and the other working Members of the Royal Family recognise achievements and support charitable and voluntary work, serving as a catalyst for civic responsibility and charitable action.

The King also uses his unique convening power to encourage the search for solutions to complex challenges, in support of UK and global priorities. In doing this, His Majesty builds on his lifelong commitment to, amongst other things, raising awareness of climate change and the degradation of Nature; issues he has championed for over five decades.

Additionally, The King's work as Head of Nation includes celebrating the arts, heritage, buildings, landscapes, ceremony and artefacts of the country and for the benefit of future generations. This includes the care and conservation of the Occupied Royal Palaces. These Palaces are symbols of the role of the Monarchy and provide internationally recognisable, iconic locations at the heart of national life.

These historic settings have a convening power of their own - recognised across the World - giving the UK exceptional venues for State Visits, investitures, receptions and garden parties that honour inspirational individuals and community heroes, celebrating their achievements and contributions to society, and reflecting the diversity of the UK.

HEAD OF COMMONWEALTH

As the Head of the Commonwealth, His Majesty serves as a symbolic, unifying figure for the voluntary association of 56 independent nations.³ The Commonwealth, as important today as ever, binds countries not only through history, but more importantly through common democratic values, with the Westminster system being one of the UK's most influential exports.

³ [About us | Commonwealth](#)

INTRODUCTION

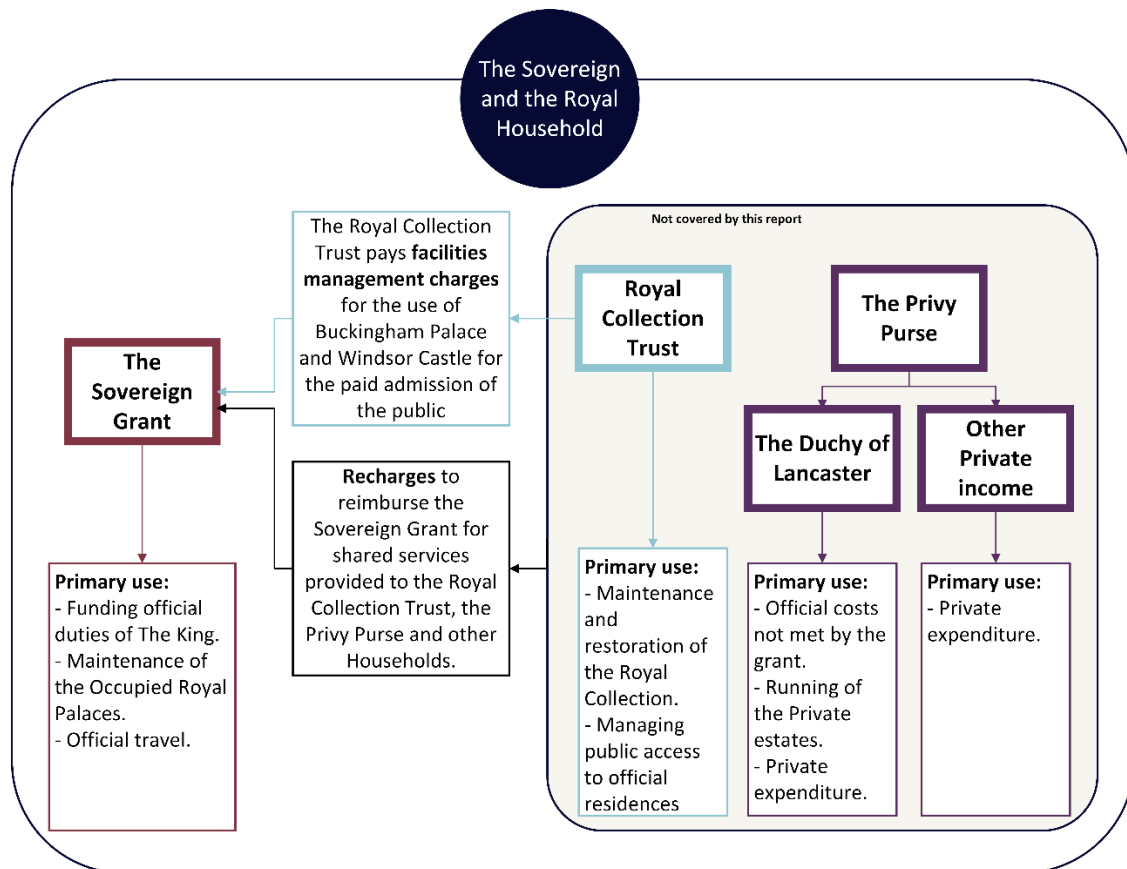
THE ROYAL FAMILY

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.

Members of the Royal Family are supported in undertaking their UK official engagements by a network of Lord-Lieutenants and their deputies, who are responsible for the organisation of Royal visits to their county and who make sure that His Majesty's Private Office is kept informed about local issues relating to their area.⁴

ROYAL FINANCES

In addition to the Sovereign Grant, the official duties of the Royal Family and the maintenance of the Occupied Royal Palaces are funded by a number of other sources including The Royal Collection and The Privy Purse which are not covered by this report, as shown in the diagram below.⁵



⁴ Lord-Lieutenants are also responsible for the presentation of Honours, awards, and decorations where the recipient cannot attend an Investiture. The Lord-Lieutenants' network provides their services free to the nation and are one example of how The Sovereign and the Royal Family can be catalysts for civic duty across the UK.

⁵ Royal Collection Trust www.rct.uk and the Duchy of Lancaster <https://www.duchyoflancaster.co.uk/> both prepare their own Annual Report and Accounts for publication.

INTRODUCTION

The Royal Collection Trust, which is a separately registered charity, forms part of the Royal Household. The objectives of the Charity are to conserve and maintain the Royal Collection and the Royal Archives, and to educate and inform the public about the Collection. The latter is primarily achieved through public access to the Occupied Royal Palaces King. The Royal Collection Trust receives no public funds from the Sovereign Grant, and funds itself independently from visitor admissions to Buckingham Palace, Windsor Castle and the Palace of Holyroodhouse and other trading activities devoted to achievement of its charitable aims. The Charity therefore pays a facilities management fee to contribute to the maintenance of these properties. Further information is available online at www.royal.uk.

The King voluntarily supports Members of The Royal Family by funding certain official costs and private allowances from his private resources, notably income from the Duchy of Lancaster.⁶

In addition to the funding received by the Royal Household, income from the Duchy of Cornwall funds the official and private 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.⁷

The Royal Household has published a report to provide comprehensive and detailed explanation of 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 and Duchy of Cornwall.⁸

⁶ Duchy of Lancaster <https://www.duchyoflancaster.co.uk/> prepare their own Annual Report and Accounts for publication. The Duchy is not a corporation and therefore not subject to corporation tax. Since all proceeds from the sale of Duchy assets cannot be distributed, capital gains is also not applicable. Where income is received by the Monarch from the Duchy, this is taxed in accordance with the arrangements set out in the HM Treasury Memorandum of Understanding on Royal Taxation 2023 and at the same rates of tax as ordinary citizens.

⁷ 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>

⁸ This can be found on royal.uk

INTRODUCTION

SOVEREIGN GRANT

The level of the Sovereign Grant was increased for a period of 10 years from 2017-18 to 2026-27 to fund the Reservicing Programme at Buckingham Palace, with a total of £369 million initially agreed for the Programme. 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.

The Sovereign Grant Act sets out the means by which The Sovereign Grant is calculated with reference to a prescribed proportion of The Crown Estate's revenue account profit for the financial year two years prior to the year in question, subject to the provision that the Sovereign Grant does not decrease year on year. The Royal Trustees prepare a formal report recommending the amount of the Sovereign Grant for the next financial year, following Treasury advice.⁹ Further to this, the Royal Trustees undertake a review every five years, as required by the Sovereign Grant Act, to ensure the proportion of The Crown Estate's revenue account profit remains appropriate.

The total Sovereign Grant for the financial year 2025-26 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, in monetary value, year on year (2024-25: 12%).¹⁰ Accordingly, the total Sovereign Grant for 2025-26 increased 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 2021-22.¹¹

The total Sovereign Grant for 2026-27 will increase to £137.9 million (Core £97.6 million, Reservicing £40.3m).¹² This is the final tranche of funding for the Buckingham Palace Reservicing Programme. Costs have been tightly managed throughout the programme, including responding to the impacts of Covid-19 and subsequent higher than expected inflation. The final outturn remains subject to a range of delivery and cost variables typical of a complex heritage programme, which continue to be managed through established governance and assurance processes. If needed, any additional requirement would be met from the Sovereign Grant Reserve.

This year's report of the Royal Trustees on the Sovereign Grant Review will determine the percentage of The Crown Estate profits used in the calculation of the annual Sovereign Grant amount for 2027-28 onwards, reflecting the fact that funding for Buckingham Palace Reservicing will no longer be required. The Government has also announced it will bring forward legislation enabling the Sovereign Grant to be reduced once the Reservicing Programme comes to an end.

⁹ The Royal Trustees are the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse.

¹⁰ Following the [July 2023 Royal Trustees Review](#) and in light of the expected increase in the Crown Estate's profits due to additional wind developments, the percentage of the Crown Estate's revenue account profits used in the calculation was reduced from 25% to 12%. This reduction was consistent with both the requirements of the Sovereign Grant Act 2011 and The King's wishes that an appropriate portion of the additional income be directed for the wider public good, whilst also ensuring there was sufficient funding to provide the remaining £100 million of funding for the Buckingham Palace Reservicing programme.

¹¹ [Report of the Royal Trustees on the Sovereign Grant Review 2025-26 - GOV.UK](#)

¹² [Sovereign Grant Act 2011: report of the Royal Trustees on the Sovereign Grant 2026-27 - GOV.UK](#)

PERFORMANCE REPORT

This Performance Report sets out how the Royal Household has worked to deliver its purpose and priorities in support of the Sovereign, along with any challenges to delivery, highlighting its key achievements and future plans.

OUR PURPOSE

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

Supported by five organisational values:



OBJECTIVES

During 2025-26 The Royal Household has refreshed its strategic objectives into the three set out below. These objectives are used to guide the balance of their Majesties' engagements and focus household activity.

Supporting His Majesty's official duties as the Head of State and Commonwealth.

Head of State A Monarchy that is trusted, relevant and enduring, performing the constitutional and ceremonial role of **Head of State of the United Kingdom and HM's other Realms and Territories** to the highest of standards, providing continuity and stability, and enhancing the UK's national interests, reputation and influence globally.

Head of Commonwealth As **Head of the Commonwealth**, maintaining and deepening relationships, convening the Commonwealth as a force for good in the world.

Supporting His Majesty's official duties as Head of Nation.

National Unity Serving as a symbol of **national unity, identity and pride to strengthen the country's social fabric and cohesion**, including at key moments in our national life.

Community Impact Engaging with **communities, regions and faiths across the UK**, recognising achievements and supporting charitable and voluntary work, serving as a catalyst for civil responsibility and charitable action.

PERFORMANCE REPORT

Environmental Sustainability	Encouraging and implementing climate nature and wider sustainability initiatives , demonstrated through a strong commitment to environmentally and socially responsible practices.
Cultural Heritage	Celebrating the arts, heritage, buildings, landscapes, ceremony and artefacts of the country so they can be enjoyed for generations to come, including maintaining Buckingham Palace and Windsor Castle as iconic working buildings of international significance at the heart of our national life.

Ensuring the Royal Household is resilient, prepared for the future and fosters an environment where people succeed.

Resilience and Value for money	A resilient Royal Household, strengthened against future shocks through robust financial and operational management as well as digitally supported, secure ways of working that deliver value for money.
Inclusive Employer	A modern, inclusive employer , where people thrive through positive employee experience and valuable pathways for growth and impact in diverse, multi-skilled teams.

THE ROYAL HOUSEHOLD

The Royal Household supports His Majesty and other working Members of the Royal Family in carrying out their official duties, ensuring the Monarchy functions as both an effective public institution and an efficient modern organisation.

This includes a wide range of activity, from advising on constitutional matters, organising official engagements (both domestically and overseas), hosting formal and ceremonial events at the Occupied Royal Palaces, maintaining the Occupied Royal Palaces to ensure they serve as a fitting backdrop to such events, reducing the environment impact of these Estates and providing modern, secure corporate services.

PERFORMANCE REPORT

The Royal Household is organised into five departments who work collaboratively to ensure the aims and objectives are achieved. This includes the separate charity the Royal Collection Trust, as shown below.

THE ROYAL HOUSEHOLD

<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>Royal Collection Trust is responsible for the care and presentation of the Royal Collection and manages the public opening of the Occupied Royal Palaces. Pays a facilities management charge to the Sovereign Grant for access to Occupied Royal Palaces for the purpose of generating income, thereby reducing burden on public funding.</p>
<p>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</p>				<p>A registered charity, separately funded</p>

The Royal Household's performance is summarised in the following three sections:

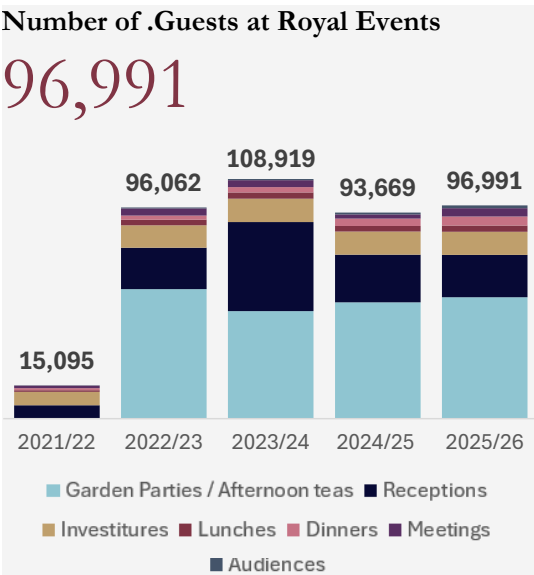
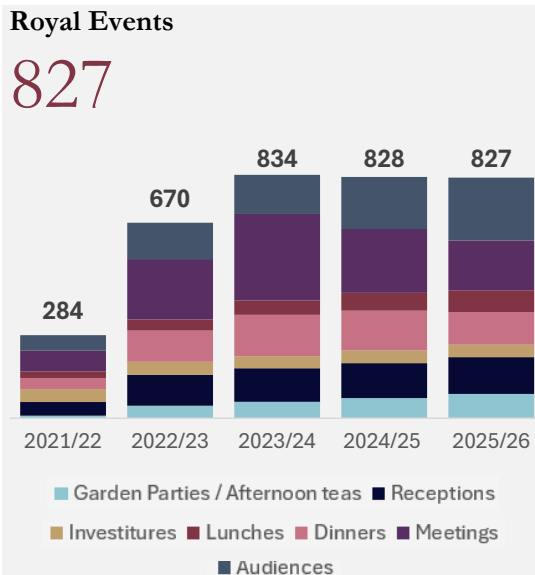
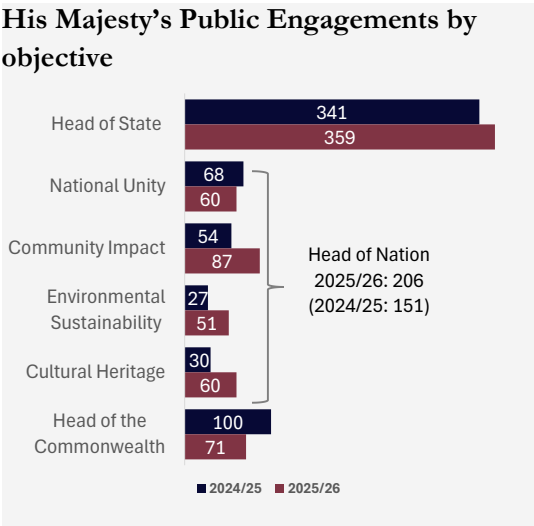
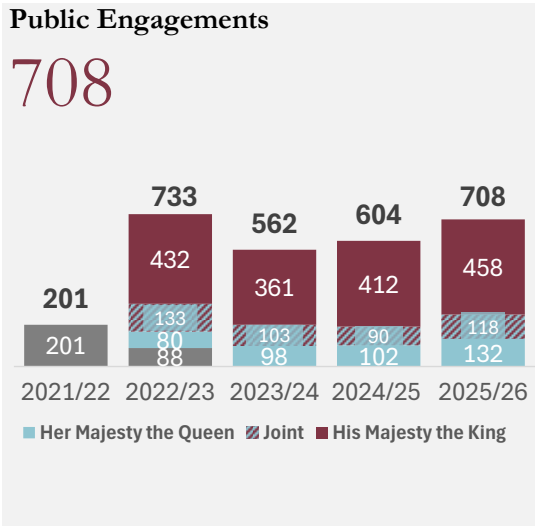
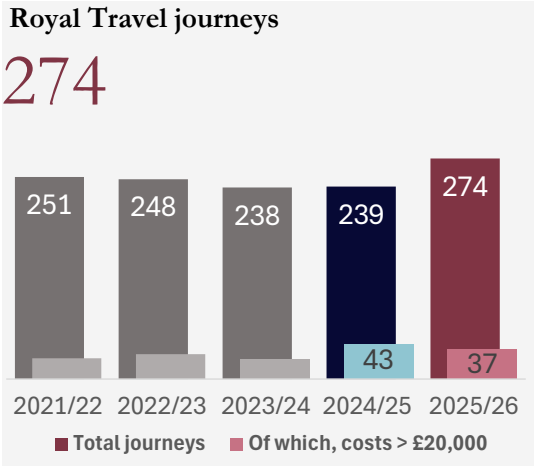
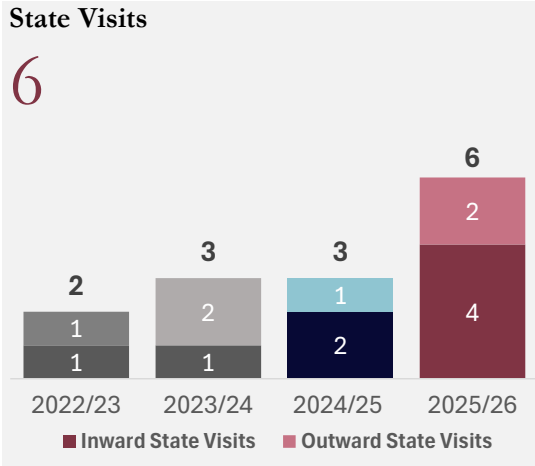
- **Performance Overview:** provides a snapshot of the overall activity undertaken by the Royal Household, much of which supports multiple objectives.
- **Finance Review:** highlights key funding, income and expenditure metrics for 2025-26 and illustrates trends since 2021-22.
- **Performance Analysis:** articulates the activity undertaken by the Royal Household in support of each objective.

Details of the principal risks facing the Royal Household and its ability to deliver its objectives are included in the risk management section of the Governance Statement on page 74.

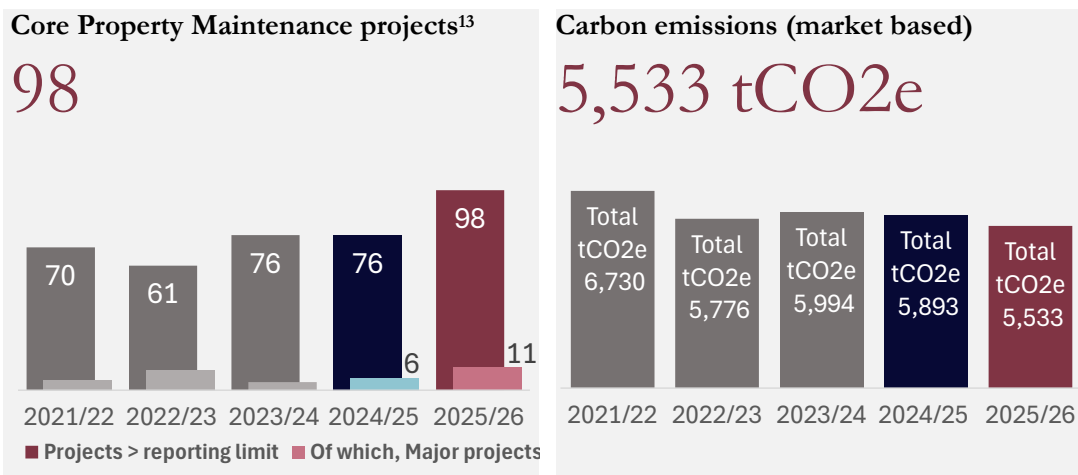
A summary of Future plans is included on page 55.

PERFORMANCE REPORT

PERFORMANCE OVERVIEW



PERFORMANCE REPORT



Summary

2025-26 has been a very active year for Their Majesties, other working Members of the Royal Family and the Royal Household, both in the UK and internationally.

Key highlights have included:

- Six State Visits, with Their Majesties hosting four incoming state visits and undertaking two outgoing State Visits during the year.
- There has been a 15% increase in the number of journeys undertaken by Their Majesties and other Members of the Royal Family in respect of their official duties, increasing to 274 in 2025-26 from 239 in 2024-25 - although a lower proportion of these were at a cost of more than £20,000.¹⁴ The principal overseas visits undertaken by The King, The Queen and other working Members of the Royal Family are shown on page 19, with more detail included in the Travel appendix available on royal.uk.
- Their Majesties have undertaken 104 more public engagements during 2025-26 than in 2024-25.¹⁵ As shown above, the number of engagements relating to His Majesty's role as Head of State have remained relatively constant year on year, reflecting that this remains his core duty. Engagements relating to his role as Head of Commonwealth have reduced, due to 2025-26 not being a Commonwealth Heads of Government Meeting (CHOGM) year. Therefore, the increase in engagements has focused on his Role as Head of Nation, specifically within

¹³ Core property maintenance projects refer to those with a cost of more than £15,000 and funded out of the Core Sovereign Grant (rather than Buckingham Palace Reserving).

¹⁴ Number of journeys is the total of journeys undertaken by working Members of the Royal Family and their staff during each financial year. Scheduled flights and scheduled train journeys that are not part of a journey above the reporting limit of £20,000 are excluded as these are predominantly for members of staff rather than working Members of the Royal Family. The reporting limit was £15,000 from 2020-21 to 2022-23, increasing to £17,000 from 2023-24 to 2024-25.

¹⁵ Each public engagement is given a primary objective categorisation. Where multiple objective are relevant to a single engagement, a secondary categorisation is given. Therefore, totals when split by Objective will be greater than the total of His Majesty's public engagements as some are counted twice. The total for 'Head of Nation' shown in the chart has been adjusted to remove any such double counting within the sub-categories.

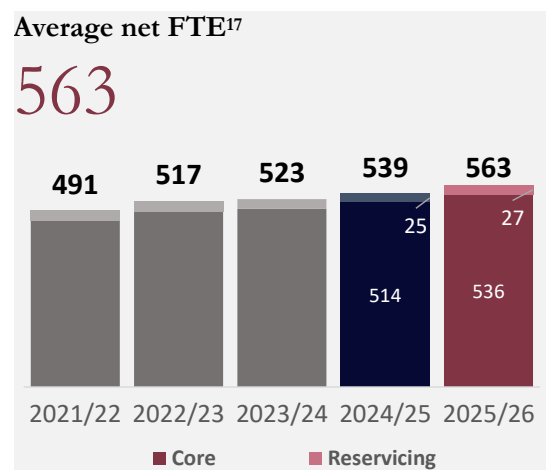
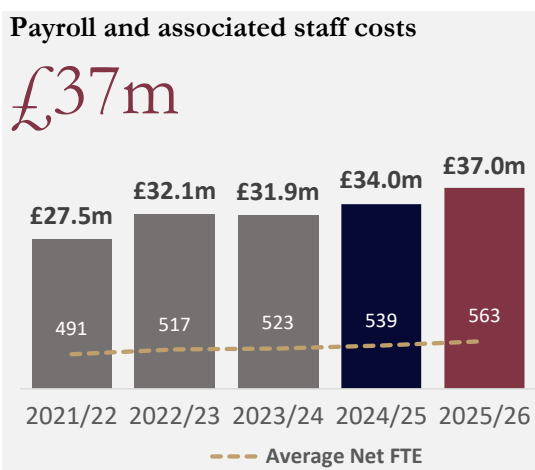
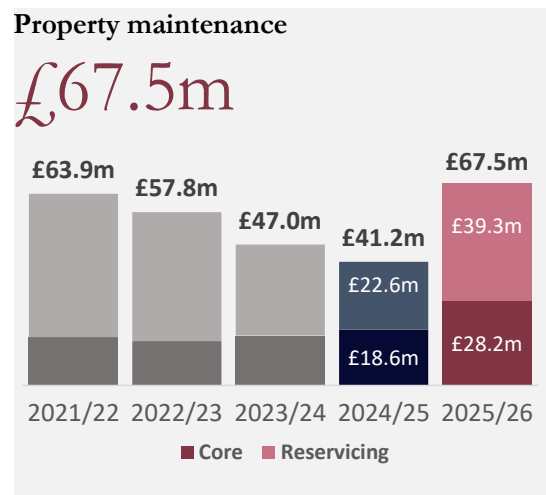
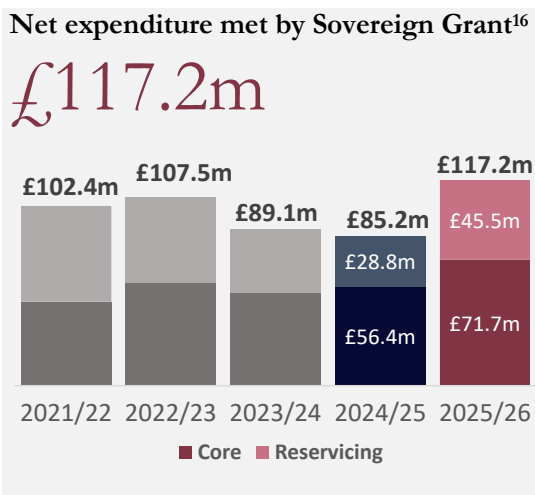
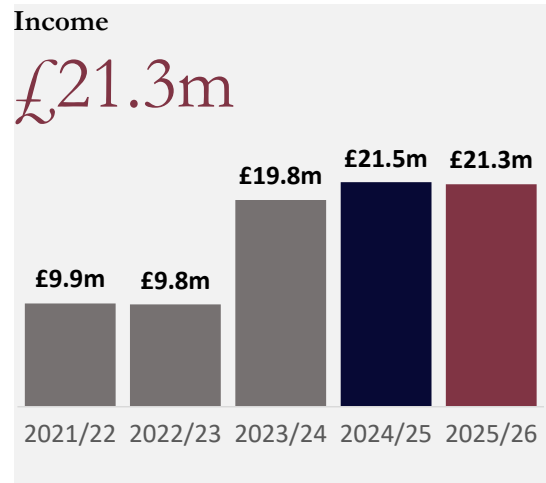
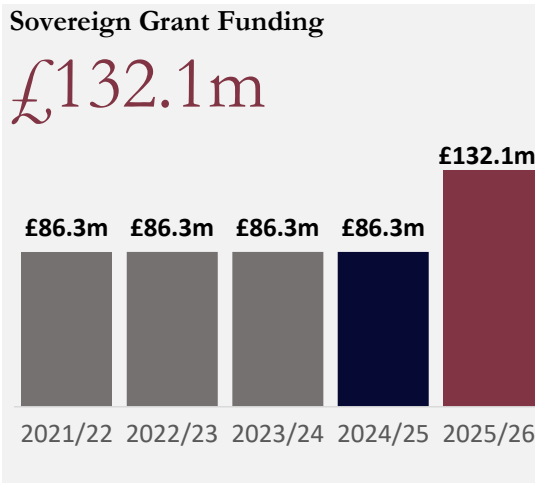
PERFORMANCE REPORT

Community Impact, Environmental Sustainability and Cultural Heritage - although the depth and breadth of all public engagements collectively contribute to National Unity.

- The Royal Household has hosted 3,000+ more guests at Royal Events during 2025-26 compared to the previous year, despite there being no more events held during the year. This is mainly driven by the increase in guests at Garden Parties, with over 30,000 members of the public attending one of the four Garden Parties during the year (2024-25: 28,000+).
- The first increase in the Sovereign Grant in four years has enabled the Royal Household to prioritise investment in the care and conservation of the wider estate, outside of the Buckingham Palace Reservicing Programme. Expenditure on property maintenance from within the core Sovereign Grant has increased to £28.2 million (2024-25: £18.6 million), enabling an increase in the number of projects to improve the Condition of the Occupied Royal Palaces during the year. Details of the major projects, being those over £500,000, are provided on page 28.
- During 2025-26, carbon emissions from scopes 1 and 2, as well as scope 3 emissions relating to Fuel and Energy Related Activities (FERA), have decreased 6% in both market and location based calculations. This is driven by reductions in natural gas usage and business travel emissions. The sustainability report on page 38, provides more details on how these reductions were achieved, as well as an overview of activity during the year.

PERFORMANCE REPORT

FINANCE REVIEW



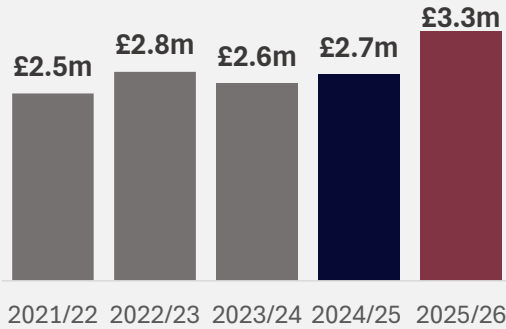
¹⁶ Official net expenditure met by the Sovereign Grant is equal to Total Expenditure (including Property Maintenance, Payroll and Associated Costs, and Other expenditure) minus Supplementary Income. Where this is less than the Sovereign Grant funding received in the year, this results in a transfer to the Sovereign Grant Reserve.

¹⁷ Average Net FTE refers to the average number of full time equivalent staff paid during the year.

PERFORMANCE REPORT

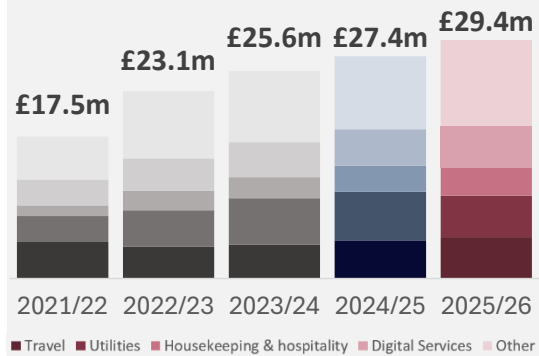
Royal travel¹⁸

£3.3m



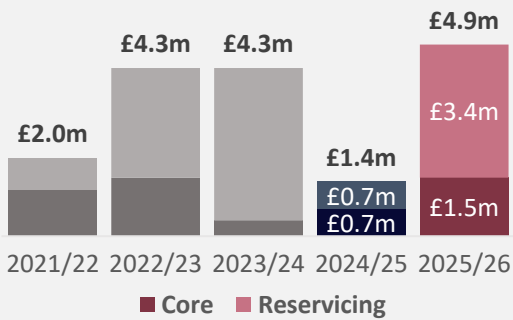
Other expenditure (excl. depreciation)

£29.4m



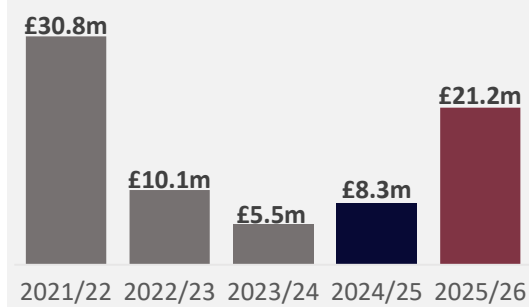
Capital expenditure

£4.9m



Closing Sovereign Grant Reserve

£21.2m



Overall

Sovereign Grant funding increased by £45.8 million to £132.1 million in 2025-26, having remained flat at £86.3 million for four years since 2021-22. The Buckingham Palace Reservicing Programme was allocated £60 million of this funding in the year, with the final tranche of the Programme's funding due in 2026-27.


£14.9 million was transferred to the Sovereign Grant Reserve (2024-25: £1.1 million). After taking account of other movements on the Reserve, including those relating to capital expenditure and pension adjustments, the Reserve increased to £21.2 million as at 31 March 2026 (31 March 2025: £8.3 million).


¹⁸ Expenditure related to the total number of journeys undertaken by Members of the Royal Family and their staff, excluding fixed costs.

PERFORMANCE REPORT

Income


Supplementary income decreased by £0.2 million to £21.3 million (2024-25: £21.5 million). This reflects the net effect of the following movements:


£0.5m  Increase in the facilities management charge from the Royal Collection Trust, driven by strong visitor numbers at Buckingham Palace, partly offset by lower visitor numbers at Windsor Castle.


£0.6m  Decrease in recharges and other income, primarily due to the one-off other income received in 2024-25 not repeated in 2025-26.


Expenditure


Total operating expenditure increased £31.8 million, amounting to £138.4 million (2024-25: £106.6 million) due to the net impact of the movements below.

£16.7m  Increase in Buckingham Palace Reservicing Programme property maintenance expenditure, rising to £39.3 million (excluding capital expenditure). Progress during the year was slower than planned, particularly due to the discovery of higher levels of asbestos than anticipated. Despite this the programme remains on track to complete by 31 March 2027. As works have progressed, additional essential remediation works have been identified, reflecting the complexity of delivering a major programme within a historic estate. These pressures continue to be managed through established governance and assurances processes. If needed, any additional requirement would be met from the Sovereign Grant Reserve.

£9.6m  Increase in property maintenance across the estate, as investment was prioritised following several years of constrained funding. During the year, plans were revised to increase activity in this area. Please see page 27 for details of the major projects outlined on pages 28 to 29.

£3.0m  Increase in payroll and associated costs (9%), reflecting a higher average number of staff (563 FTE, up 5%) as staff turnover reduced and targeted roles were added in priority areas such as property maintenance, sustainability and procurement. This has strengthened organisational capacity to support delivery across the estate and key programmes, including enhancing procurement capability to drive value for money and meet the demands of new regulations. Average pay increases of 3% (including a 6.7% increase in National Living Wage) also contributed to the increase.

£1.1m  Increase in depreciation due to the introduction of new helicopters in 2024-25 and 2025-26, which are capitalised and expensed, through depreciation, over the life of their leases.

£1.0m  Increase in other expenditure, mainly due to higher of external consultancy and professional services to support the outsourcing of internal audit and the renewal

PERFORMANCE REPORT

of the Sovereign Grant, alongside increased insurance costs reflecting a return to there being two helicopters being in service.

£0.6m



Increase in digital services, driven by greater use of modern software platforms to help drive increased efficiency across the organisation and the introduction of a dedicated security operations centre, enhancing cyber resilience.

£0.4m



Increase in travel costs, reflecting a higher level of overseas activity during the year and increased operating costs associated with the return to having two helicopters in service after a transition period in 2024-25.

£0.9m



Decrease in utility costs, reflecting lower electricity prices through the procurement of new renewable energy contract and reduced gas usage at Buckingham Palace during reservicing works, alongside improved efficiency in energy use through operational changes.

Capital Expenditure

Total capital expenditure increased by £3.5 million to £4.9 million in 2025-26. This is due to the net impact of:

£2.7m



Increase in the Buckingham Palace Reservicing Programme capital expenditure, predominantly relating to the works undertaken to introduce two new lifts into the Palace to increase accessibility, with the lifts due to come into service in early 2026-27.

£0.8m



Includes the roll out of Electric Vehicle chargers across the estate, installation of a Sustainability Aviation Fuel storage tank at RAF Odiham and a range of smaller capital improvements across the estate.

PERFORMANCE REPORT

PERFORMANCE ANALYSIS

This performance analysis summarises the impact and outcomes of 'Their Majesties' and the Royal Household's work in support of each of the Royal Household's priorities, supported by the underlying principles of value for money, resilience and inclusion.

SUPPORTING HIS MAJESTY'S OFFICIAL DUTIES AS THE HEAD OF STATE AND COMMONWEALTH

HEAD OF STATE

A Monarchy that is trusted, relevant and enduring, performing the constitutional and ceremonial role of Head of State of the United Kingdom and HM's other Realms and Territories to the highest of standards, providing continuity and stability, and enhancing the UK's national interests, reputation and influence globally.

In 2025-26, His Majesty undertook 359 engagements on matters pertaining to his role as Head of State (2024-25: 341), remaining similar year on year, reflecting that this remains His Majesty's core duty.

Highlights during the year include:

- His Majesty The King and Her Majesty The Queen have hosted four incoming State Visits:
 - The President of the French Republic, His Excellency Emmanuel Macron, accompanied by Mrs Brigitte Macron;
 - The President of the United States of America, President Donald J. Trump, accompanied by the First Lady Mrs. Melania Trump;
 - The President of the Federal Republic of Germany, President Frank-Walter Steinmeier, accompanied by Frau Büdenbender; and
 - The President of the Federal Republic of Nigeria, Mr Bola Ahmed Tinubu, accompanied by the First Lady, Mrs Oluremi Tinubu.
- Their Majesties also undertook two outgoing State Visits during the year to:
 - The Republic of Italy; and
 - To the Holy See.
- As Head of State of fourteen other Realms, His Majesty maintains vital constitutional and cultural ties at minimal cost to the Sovereign Grant. Their Majesties' 2025 visit to Canada for the State Opening of Parliament exemplified this ongoing role at a pivotal national moment.

PERFORMANCE REPORT

- Audiences of the Sovereign serve as a key diplomatic asset for the Government in bolstering the UK's relationships and position in a highly fragmented, rapidly evolving geopolitical context. Audiences made up just under half of His Majesty's engagements in 2025-26. Those most often received in audience (in person and by phone) were UK Government Ministers and British, Commonwealth and foreign diplomats. Examples include:
 - the first ceremonial welcome of the Ukrainian President at Windsor in October 2025 (the fifth meeting between His Majesty and Mr. Zelenskyy);
 - the Audience with the Indian Prime Minister, cementing a key relationship; and
 - hosting the King of Bahrain at Windsor for an innovative "Inward Royal Visit" to mark his Silver Jubilee.
- 23 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 (2024-25: 15).
- His Majesty's role in respect of the Armed Forces was particularly evident during the eightieth anniversary of VE Day in June 2025, when His Majesty led the Nation's collective remembrance.

State Visits

Specific objectives are set for each visit by His Majesty's Government, highlighting such issues as defence and security, energy, economic links, and cultural links. His Majesty's Government is able to use them to negotiate bilateral agreements alongside the State Visit, often with tangible economic benefits.¹⁹ They have an impact in country and aim to leave a lasting legacy overseas as well as amongst diaspora communities in the UK.

The Outward State Visit to the Holy See in October 2025 was an example of the The King's reach, engaging with the community of 1.4 billion Catholics across the world as both Head of State of the UK, and Supreme Governor of the Church of England - a first State Visit since King Henry VIII's Reformation in the Sixteenth Century.

The Inward State Visit by US President Trump, which took place in September 2025 built on the reputation and impact of the Monarchy and the Occupied Palaces in the US, and served as the backdrop for record-breaking investments into the UK.²⁰ The landmark Tech Prosperity Deal and record £150 billion in investment pledges from US companies over the next decade has been described as the largest commercial package from any State Visit in British history. These investments are projected to create 7,600 high-quality jobs across the UK, including specific regional development in the Northeast, Midlands, Scotland and Northern Ireland. As part of this agreement, a multi-year UK/US civil nuclear agreement agreed to enhance regulatory alignment

¹⁹ Ahead of the July 2025 UK-France Summit, the UK Government set out plans to deepen cooperation across migration, defence, economic growth and cultural exchange, including joint action to tackle small boat crossings, a new industrial strategy partnership, and major cultural loans such as the Bayeux Tapestry. [UK-France Leaders Declaration - GOV.UK](#)

²⁰ [Record-breaking £150bn investment unveiled during US State Visit - GOV.UK](#)

PERFORMANCE REPORT

and develop advanced reactors and fuels. Creating clean energy, highly skilled jobs and investment, and bringing down energy bills.

Royal 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 the full and varied programme of public engagements referred to in this report, both within the UK and internationally.

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).

Similarly to State Visits, the programme of overseas visits, excluding those to Realms, funded by the Sovereign Grant is determined by the FCDO and undertaken on behalf of Government, with approval given by the Royal Visits Committee according to agreed priorities.²¹ The principal overseas visits, including the State Visits referred to above, undertaken by The King, The Queen and other Members of the Royal Family were:

Member of the Royal Family	Type of Visit	To	Cost ²²
The Prince of Wales	Official FCDO	Saudi Arabia	£130,000
The King and Queen	Official FCDO	Italy	£127,000
The Prince of Wales	Official FCDO	COP 30	£79,000
The King and Queen	Official FCDO	Holy See	£75,000
The Duke and Duchess of Edinburgh	Official FCDO	Papua New Guinea & Japan	£71,000
The Duchess of Edinburgh	Official FCDO / Royal Visit	Peru / Panama / Guatemala and Belize	£58,000
The Princess Royal	Official FCDO	Turkey	£48,000
The King and Queen	Head of State, Canada	Canada	No cost to Sovereign Grant

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

²² Including the cost of associated staff travel.

PERFORMANCE REPORT

HEAD OF COMMONWEALTH

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.

In 2025-26, His Majesty undertook 71 engagements on matters pertaining to the Commonwealth (2024-25: 100), the decrease year on year reflecting that this was a year with no Commonwealth Heads of Government meeting (CHOGM). Engagements included receiving Heads of State and diplomatic representatives from Commonwealth nations, supporting Commonwealth events.

Highlights during the year include:

- The King received H.E. the Hon. Shirley Botchwey upon her appointment as Secretary-General of the Commonwealth of Nations and The Rt. Hon. the Baroness Scotland of Asthal upon relinquishing her appointment as Secretary-General.
- His Majesty received the Indian Men's and Women's Cricket Teams at Clarence House.
- The King held a reception at St. James's Palace for members of the Nigerian Diaspora in the United Kingdom in advance of the State Visit by the President of Nigeria to the United Kingdom.
- His Majesty hosted a Reception at St. James's Palace for Caribbean Foreign Ministers and diplomats present in the United Kingdom for the UK-Caribbean Forum.

With 2.7 billion people in the Commonwealth, this role is another powerful way for The King to reach people all over the world, in support of Member States' values and prosperity.²³

For example, to mark Commonwealth Day 2025, His Majesty launched *The King's Music Room*, a collaboration with Apple Music celebrating the rich diversity of music from across the Commonwealth. Recorded at Buckingham Palace, the broadcast showcased a personal selection of music spanning genres, generations and regions, highlighting the unifying power of culture and shared heritage. The programme reached a global audience demonstrating the continued ability of the Royal Household to engage new and diverse audiences internationally.

²³ For example, with intra-Commonwealth trade, members find it on average 19% cheaper to export to other members according to [Council on Foreign Relations 2023](#). In 2023, trade with the Commonwealth accounted for 9% of the UK's total trade (approximately the same amount as its total trade with Germany). British exports to the Commonwealth reached a 15-year high in 2022 ([The Chartered Institute of Export & International Trade 2023](#)) and the Government's Trade Strategy recognises the increasing importance of these Commonwealth relationships ([UK's Trade Strategy 2025](#)).

PERFORMANCE REPORT

SUPPORTING HIS MAJESTY'S OFFICIAL DUTIES AS THE HEAD OF NATION

NATIONAL UNITY

Serving as a symbol of national unity, identity and pride to strengthen the country's social fabric and cohesion, including at key moments in our national life.

During the year, Their Majesties continued to engage with people across the United Kingdom. In 2025-26, 60 public engagements were designated specifically in support of National Unity (2024-25: 68); however, the wider programme of public engagements also contributes significantly to this priority, reflecting their depth and breadth.

These engagements have celebrated achievement, fostered dialogue, and provided reassurance - reinforcing the bonds that unite the four nations and the diverse communities within them.

Highlights during the year include:

- Leading national commemorations of the 80th anniversaries of VE Day and VJ Day, honouring the enduring legacy of those who secured peace.
- Recognising community heroes through investitures, receptions and garden parties at Buckingham Palace and the Palace of Holyroodhouse, celebrating thousands of individuals for their service and achievements.
- His Majesty supported causes that resonate widely, including advancing cancer awareness through visits to specialist centres and hosting a reception for grassroots community cancer organisations, and encouraging interfaith understanding by meeting leaders from across religious traditions.
- His Majesty offered comfort in times of tragedy, notably visiting Heaton Park Hebrew Congregation following the terrorist attack there, and has engaged with young people through an annual youth summit and The King's Trust initiatives which empower the next generation.
- Her Majesty's work has highlighted those supporting victims of sexual violence and domestic abuse, including appearing on the BBC "Today" programme with Baroness May, opening a new Sexual Assault Referral Centre in Exeter and visiting community organisations supporting survivors of domestic abuse.
- Her Majesty promoted organisations improving literacy and reopened a community library in Edinburgh.
- Their Majesties also supported organisations of national and local reach marking major anniversaries, such as a visit by The Queen to mark the 70th anniversary of ITV.

Together, in supporting The Sovereign's official duties, The Prince and Princess of Wales and the other working Members of the Royal Family have completed 2,273 engagements across the UK and overseas during 2025-26 (2024-25: 1,981).

PERFORMANCE REPORT

Royal Communications

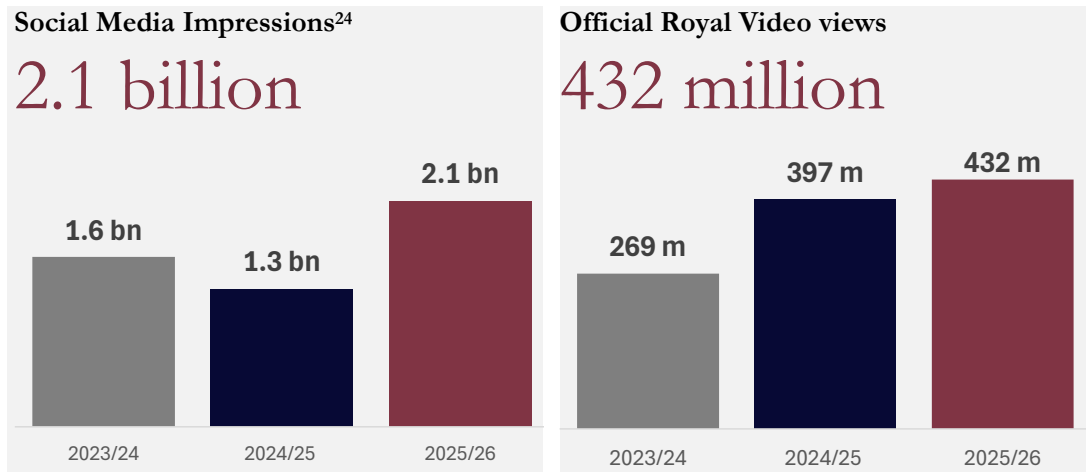
The Sovereign Grant funds the work of Royal Communications, which manages global media interest around the Royal Family and its central role in national and international life. In addition to handling proactive and reactive issues around day-to-day engagements by Members of The Royal Family, Royal Communications supports Government and international partners to maximise the strategic deliverables of Inward and Outward State and Royal Visits, including through the production of high-quality in-house content.

In 2025-26 Royal Communications' in-house content included over 2,500 posts published, generating 2.1 billion impressions, 88 million engagements and 432 million video views.

Royal Communications has also worked with broadcast partners to support a number of projects around topics of national and international concern, including major documentaries highlighting:

- The King's work on climate change and importance of sustainability (Amazon and ITV);
- The Queen's work combatting sexual and domestic violence (ITV);
- The work of The King's Trust in support of youth opportunity (Netflix);
- The Queen's work encouraging greater interest in literature and reading (BBC).

In addition, Royal Communications have worked on podcast projects produced with national and international broadcast partners in 2025-26 to highlight the work of Their Majesties in new and creative ways, among these is The King's contribution to Kew's podcast, 'Unearthed: The need for seeds' marking the 25th anniversary of The Millenium Seed Bank project.



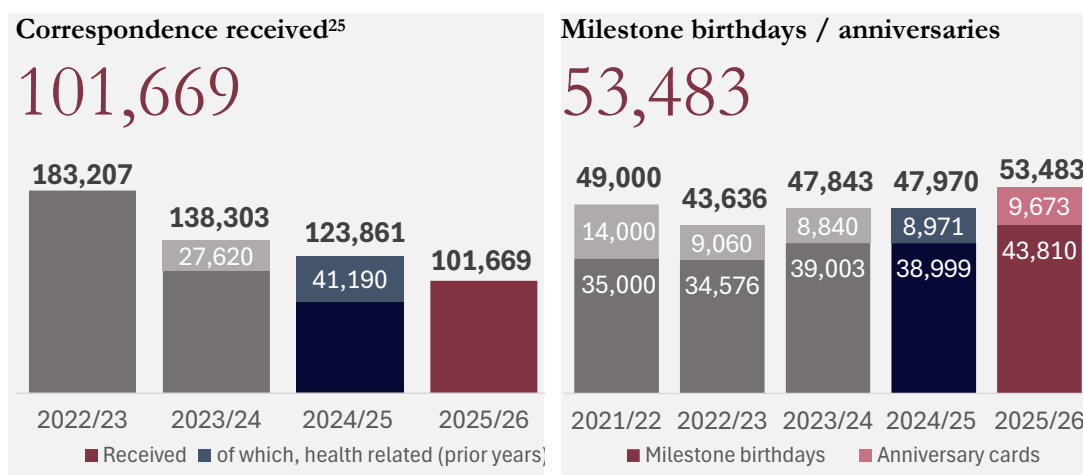
²⁴ Impressions are defined as the number of times that social media browsers have seen content on their timelines.

PERFORMANCE REPORT

Correspondence

Beyond in-person engagements, the Royal Household has maintained direct engagement with the public through correspondence, with a total of 101,669 items received (2024-25: 123,861), with the decrease on previous years being attributed to a reduction in correspondence seen in respect of His Majesty's and The Princess of Wales' health (2024-25: 41,190).

Letters and cards sent by, or on behalf of, Their Majesties often serve as enduring symbols for individuals and families, reflecting their connection to the shared national story.



COMMUNITY IMPACT

Engaging with communities, regions and faiths across the UK, recognising achievements and supporting charitable and voluntary work, serving as a catalyst for civil responsibility and charitable action.

In 2025-26, His Majesty undertook 87 public engagements pertaining to Community Impact (2024-25: 54) and welcomed 96,991 guests, across 827 events, into Occupied Royal Palaces (2024-25: 93,669 guests, 828 events).

Working Members of the Royal Family visited a combined 80 of the 99 Lieutenancy Areas in 2025-26 (2024-25: 81 of 99).

Highlights during the year include:

- The King hosting a Reception at Windsor Castle to celebrate Music in Communities and the contributions of those across the UK who support the role of music in strengthening communities and passing on musical knowledge.
- The King attending a Reception at Impact Hub Bradford, during which His Majesty renamed the Hub as “Impact Hub Yorkshire” in recognition of the organization’s transition to operating on a Yorkshire-wide scale.
- The King visiting Campbeltown, Argyll and Bute, and attended a Community Reception, met representatives of local community institutions and services, young farmers, businesses and members of the public.

²⁵ Correspondence received in relation to health was not tracked in 2025-26

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- The King and Queen hosting a Reception at Windsor Castle to recognise the work of professional and unpaid carers across the United Kingdom.
- The King attending the recent dedication of the UK's first national memorial in recognition of lesbian, gay and bisexual military personnel, who had been prohibited from serving in the UK Armed Forces until 2000.
- The King visiting Kirkaldy Galleries, War Memorial Gardens, to mark the Galleries' Centenary, and was received by the Chief Executive of Fife Cultural Trust. He was escorted by the Galleries' Manager and viewed local artworks as part of the Centenary Exhibition and attended a Reception with community groups.
- The King and Queen attending a Reception at Cyfarthfa Castle Museum and Art Gallery, Merthyr Tydfil, to celebrate the Castle's Two Hundredth Anniversary and Their Majesties met members of the local community outside the Castle.
- The King, visiting Walmer Lifeboat Station, Deal, and met volunteers and representatives from some of the Lifeboat Stations in the area, as well as volunteers taking part in a beach clean-up initiative along the coastline in Deal.
- In preparation for the 50th Anniversary of the King's Trust in 2026, His Majesty hosted the winners of The King's Trust Awards at Buckingham Palace in June 2025. This reception celebrated young people who had overcome challenges including mental health struggles, educational barriers, and unemployment to make a positive impact in their communities.

Through both public engagements and Royal events, His Majesty has continued to ensure representation from a diverse range of ethnicities, faiths and cultural backgrounds and has undertaken engagements with grassroots organisations across the country, such visits further strengthen local ties, foster inclusion, and ensure people in every part of the country feel connected to the shared values and identity of the UK.

For instance, the Royal Household has hosted over 30,000 members of the public at Garden Parties, as an important symbolic and formal recognition of their significant contributions to their local communities (2024-25: 28,000+). Garden parties are also used to highlight specific sectors. As an example, in 2025, on behalf of His Majesty's Government and working with the Department of Education, The King hosted stakeholders from the Education sector at a Garden Party.

Over 1,000 organisations also have a Member of the Royal Family as their Patron or President. The impact of Royal Patronage varies by organisation and how the relationship is used. However, recent research indicates that Royal Patronage plays an important role in raising awareness and enhancing the public profile of charities, with evidence that audiences are more likely to engage with and support organisations associated with Members of the Royal Family.²⁶

In addition the Household encourages local British suppliers and Small-and-Medium Enterprises (SMEs) through employing these organisations and bestowing Royal Warrants granted by The King and Queen. There are currently over 800 Royal Warrant holders representing a significant cross-section of trade and industry, from individual craftspeople to family-run businesses. As part of the process to obtain a Royal Warrant, each organisation goes through an environmental and social assessment to support the wider UK transition to a low carbon, nature positive future. In

²⁶ [Charities Aid Foundation 2022](#)

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2026, The Prince and Princess of Wales will become grantors of Royal Warrants, thereby widening this reach further.

Internally the Royal Household has also sought ways to create its own social impact. During 2025-26 employees were encouraged to use volunteering leave in purposeful ways, resulting in an increase from 77 to 120 volunteering days taken. Activities ranged from:

- packing hygiene kits for survivors of domestic abuse; to
- planting native trees in urban communities, supporting climate action, biodiversity and access to green spaces; to
- hosting a skills exchange event at Buckingham Palace, in partnership with a social enterprise which uses debate to build communication and confidence amongst young people in under resourced communities, which brought together students from a local secondary school and female leaders from across the Royal Household.

ENVIRONMENTAL SUSTAINABILITY

Encouraging and implementing climate nature and wider sustainability initiatives, demonstrated through a strong commitment to environmentally and socially responsible practices.

Environmental events were evenly represented within His Majesty's diary, with 51 public engagements during 2025-26 (2024-25: 27). Throughout the year, The King has supported key environmental organisations, charities and initiatives both internationally and within the UK and Commonwealth. The King has highlighted, where possible, leading environmental technologies and processes.

Highlights during the year include:

- The King attended the Premier of the documentary *Ocean* with David Attenborough at Royal Festival Hall and met those who worked on the film, which explores why ocean recovery is vital for stabilising the climate.
- The King attended a Reception for international nature finance at Lancaster House assisted by the International Advisory Panel on Biodiversity Credits.
- The King and Queen visited the Eden Project, Cornwall, to mark the site's Twenty-fifth Anniversary and to learn of the Project's work on nature recovery and with the local community.
- The King launched the King Charles III England Coast Path and officially opened the Seven Sisters National Nature Reserve.
- The King travelled via hybrid Thames Clipper on his journey to open the Thames Tideway Tunnel project, a new sewer infrastructure system to protect the River Thames from pollution and improve water quality.

These engagements, along with events hosted in Occupied Royal Palaces, have helped to stimulate investment in sustainability activities throughout the UK, the Commonwealth and internationally, as well as other practical outcomes.

For example, as part of the Inward State Visit by France in July 2025, France committed to match UK government's funding to support the International Advisory Panel on Biodiversity Credits.

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This extension of funding helped to unlock philanthropic contributions and maintain momentum behind the development of high-integrity biodiversity credit markets.

Alongside this, the Royal Household's own Climate Action Plan aligns to UK Government targets, reflects His Majesty's personal commitment to climate and nature, and ensures value for public money. More detail on this plan, and the Royal Household's progress can be found in the Sustainability Report on page 38, including GHG emissions for the year.

CULTURAL HERITAGE

Celebrating the arts, heritage, buildings, landscapes, ceremony and artefacts of the country so they can be enjoyed for generations to come, including maintaining the Occupied Royal Palaces as iconic working buildings of international significance at the heart of our national life.

In 2025-26, Their Majesties continued to champion the arts through a wide range of patronages, initiatives, and personal engagements. His Majesty has undertaken 60 engagements and audiences, including 32 'away day' activities and 10 receptions, which have aimed to highlight and further the legacy of cultural heritage (2024-25: 30).

Highlights during the year include:

- The King and Queen visited Bradford as UK City of Culture 2025, where they met local artists, schoolchildren, and performers at Bradford Live, observed rehearsals for an arts education programme and celebrated the city's vibrant cultural diversity, including a performance by Paraorchestra, an ensemble integrating disabled and non-disabled musicians.
- The King and Queen visited the National Gallery and re-opened the Gallery's Sainsbury Wing following a two-year renovation project. Their Majesties unveiled the Coronation State Portrait in the Gallery's Central Hall and visited the new Roden Centre for Creative Learning.
- The King and Queen visited several local arts and cultural heritage institutions during the year, including the Munnings Art Museum in Dedham, Essex, to mark the Museum's 65th Anniversary, and the Kirkaldy Galleries, Fife, to mark the Galleries' 100th Anniversary.
- The King and Queen visited the Idris Elba Studio at Barking and Dagenham Rush Green Campus, which provides media and production courses to the local community. Their Majesties later visited Eastbrook Studios and met students participating in Film Barking and Dagenham's *Make It Hear* Learning and Participation programme.
- The King opened London Fashion Week and viewed a showcase of the Best of British Fashion, meeting designers, clothes makers and industry figures.

Alongside this, the Royal Household ensures that the Occupied Royal Palaces are conserved and cared for at a level that is sustainable and enduring and in keeping with their iconic status. In doing this the Household is able to maintain knowledge and experience in specialist building and craftsmanship skills in heritage areas, as well as supporting the future of craft through apprenticeships.

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It is the investment in the care and conservation of the Occupied Royal Palaces, including through the Buckingham Palace Reservicing programme, and the presentation of their interiors, which enables the Royal Household to host such a wide variety of guests through Inward State Visits and other Royal Events, as well as visitors viewing the Palaces and the Royal Collection.²⁷

CARE AND CONSERVATION OF OCCUPIED ROYAL PALACES

During 2025-26, £28.2 million was invested in property maintenance (excluding the Buckingham Palace Reservicing Programme), an increase of £9.6 million compared to 2024-25. This uplift reflects a deliberate decision to restore the Annual Works Programme to an appropriate level, with the aim of slowing, and over time, reversing the decline in the condition of the estate. This reflects a clear prioritisation of the care of the estate.

An independent condition assessment of the Occupied Royal Palaces Estate has been undertaken during the year. While the proportion of the estate at or above target condition declined to 39% (2020: 53%), this reflects the cumulative impact of reduced investment during the three years from 2021-22 to 2023-24. The findings reinforce the importance of the increased investment now being made and drove the decision to increase investment beyond that originally budgeted during the year as forecasting confirmed availability of funding due to efficiencies elsewhere.

Including the £30.3 million expended during the year, 56% of the increase in the Core Sovereign Grant has been allocated to property maintenance, since the introduction of the Sovereign Grant in 2012-13 (2024-25: £23 million; 55%);²⁸ thus, meeting the 50% target agreed with the Public Accounts Committee in 2013 in order to improve the condition of the Occupied Royal Palaces Estate.²⁹

Highlights of the major projects

All projects with a construction cost of £15,000 or more are individually monitored through the Annual Works Programme, showing projected and actual costs, which is updated monthly.

A summary of property maintenance activities undertaken in 2025-26 is below. All projects over £125,000 are approved through a Business Case process.

Major projects are those with in year spend of more than £500,000, a summary of such projects undertaken during 2025-26 is below:

²⁷ During 2025-26 there were 7.2 million visitors reviewing the Royal Collection (2024-25: 7.4 million), demonstrating the ongoing accessibility of both the Occupied Royal Palaces and the Royal Collection. This includes visitors 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).

²⁸ Excluding property maintenance salary costs, 51% of the increase in the Core Sovereign Grant since 2012-13 has been allocated to property maintenance (2024-25: 50%).

²⁹ 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.

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Project	Progress during 2025-26
External repairs and redecoration, London Estate (£1.5m this year; £1.5m total costs to date)	This includes repairs and redecoration of all windows and doors throughout the elevations as part of cyclical works through the London estate as part of a rolling five-year plan to protect the building fabric as well as isolated masonry repairs and draughtproofing as part of our continuing sustainability strategy.
Internal refurbishment, Buckingham Palace Royal Mews (£1.1m this year; £1.1m total costs to date)	Full refurbishment of accommodation to improve living conditions and increase accessible facilities.
South Range roof and chimneys, Buckingham Palace (£926k this year; £969k total costs to date)	Ageing asphalt and lead roof replacement due to end-of-life cracking and blistering. To make efficient use of access to the roof, this also included repairs to 14 chimney stacks.
External refurbishment, Kensington Palace (£912k this year; £948k total costs to date)	An extensive programme of works to repair structural defects to elevations, including structural pinning to address identified deflections, masonry repairs for damaged brickwork and failed pointing, window repairs, and strengthening of load-bearing portico columns due to timber failure and poor original foundation design.
Pass Office and barrier, St James's Palace (£831k this year; £894k total costs to date)	Relocation of security pass office and associated barrier. This allows a new dedicated and accessible entrance from the street including a ramp and ensures accessibility compliance. These works will enable at least one additional property to be rented commercially at open market rent.
Roof replacement, Buckingham Palace Royal Mews (£740k this year; £807k total costs to date)	Replacement roof structure due to failed original concrete design and construction leading to ongoing water leaks and structural issues to the parapet and chimneys. A lightweight metal and timber roof structure has been installed as well as the opportunity taken to improve insulation and the energy efficiency of the building.
Picture Gallery and Silk Tapestry, Buckingham Palace (£658k this year; £658k total costs to date)	Replacement of the electrical picture lighting systems and the refurbishment of two State Rooms and installation of increased loading capacity to the picture rails to allow more pictures to be on display ahead of Summer Buckingham Palace Summer Opening 2026.

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Project

Progress during 2025-26

Roof replacement and external works, Lower Ward, Windsor Castle (£634k this year; £650k total costs to date)

A project to replace life-expired lead roofs, alongside essential structural repairs to parapets, stonework and joinery. The original lead will be recycled to produce new sand-cast lead for use on the scheme. Air Source Heat Pumps (ASHPs) are also being installed to replace gas boilers, taking advantage of existing access to roof voids and building fabric to deliver these improvements at the same time, minimising disruption and improving efficiency.

Buckingham Palace Reservicing works (£615k this year, £3.4m total costs to date)

During the year, additional legacy works have been undertaken predominantly in respect of trench repairs and asbestos removals in order to enable the introduction of new services.

BUCKINGHAM PALACE RESERVICING PROGRAMME

The Reservicing Programme will ensure that Buckingham Palace is fit for purpose as the headquarters of the Monarchy for The King and his successors. It represents the next step in the evolution of the Palace, continuing the long tradition of altering and updating this iconic Royal Residence to secure its future. The programme will have a lasting impact on our people (our colleagues - both individually and teams across the Household, and Members of the Royal Family); Royal Household practices (adapting to changes in technology and embedding sustainability); and the public (in maximising external guests, and Royal Collection Trust visitors).

Buckingham Palace Reservicing Programme's Benefits

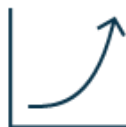
Specifically, the programme will deliver key benefits as outlined in the business case to HM Treasury in 2016:



Protecting Palace from fire or major water leak



Enhancing public access



Enhancing space utilisation & increased commercial letting



Improving energy efficiency



UK economy contribution & training the next generation

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By replacing and upgrading the building's core services, improving accessibility and energy efficiency, and ensuring space is used more effectively, the Reservicing Programme has significantly improved how the building functions for the work of the Royal Family and for future generations of guests and visitors to the Palace. It has also provided a unique opportunity for a new generation of construction professionals and apprentices to work and train in this historic building. By 2027, the ten-year Reservicing Programme will have contributed over £1 billion to the UK economy and over 1000 people will have worked on the Programme.³⁰

The Royal Household is committed to extending the delivery of the benefits beyond the life of the programme to ensure its legacy in continuing the important work to protect the building's heritage, to increase public access, to make further carbon savings and to support the next generation of talent in the construction industry and beyond.

Please refer to page 146 for the cumulative financial position on the Buckingham Palace Reservicing Programme. This shows the programme has spent £314.1 million (85%) of the originally agreed £369 million to date.

2025-26 progress against these objectives

Objective	Progress during 2025-26
Protecting the Palace from fire or major water leaks	<p>This year, the Palace-wide infrastructure project in the Basement has been completed, installing new services across the Basement. All five secondary Plant Rooms are now completed and live, working with the Energy Centre (completed in 2020) to heat the Palace.</p> <p>In addition, works continued to reservice spaces in both the South and North Wings, where there are minimal operational improvements.</p>
Enhancing public access	<p>This year works continued to install two new lifts in the heart of the State Rooms at Buckingham Palace and a new Changing Places facility, which will further enhance public access at the Palace and make the visitor experience more inclusive.</p> <p>Following improvements made to the accessibility of the East Wing, Royal Collection Trust introduced guided tours of the Principal Floor in 2024, which continue to drive visitors with 28,253 visitors welcomed to the East Wing during 2025-26 (2024-25: 10,735).</p>

³⁰ 'Fine Margins' Confederation of British Industry Report, February 2020.

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Objective	Progress during 2025-26
Enhancing space utilisation and increased commercial letting	<p>Work has continued this year to plan how the available space within Buckingham Palace will be occupied to ensure the best use of space now and in the future. This includes continuing to use the repurposed areas of office space at the Palace to maximum capacity, which were built earlier in the Reservicing Programme.</p> <p>The effective use of space in Buckingham Palace will open up more office space for teams based at St. James's Palace, creating an opportunity for those spaces to be let commercially.</p>
Improving energy efficiency	<p>Work has continued during 2025-26, with the completion of the primary services distribution infrastructure in the basement. The programme remains on track to deliver the design developed to realise 554 tonnes of carbon savings per year, as set out in the Outline Business Case approved by HM Treasury. Incremental energy savings from efficiencies will continue as each phase of the Reservicing Programme completes.</p>
UK economy contribution and training the next generation	<p>The Reservicing Programme has delivered economic and social benefits to the UK economy by sourcing local materials and offering opportunities for apprentices, graduates and trainees to learn how to operate in a live building environment while developing heritage skills.</p> <ul style="list-style-type: none"> • Over 87% of all materials to date have been sourced in the UK, an increase from 86% as at 31 March 2025. • Over 1000 people have worked on the programme, including 87 specialist apprentices, graduates and trainees (at 31 March 2025: 82).

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.

Over the last nine years, significant external factors have had an impact on the Reservicing Programme, including Brexit, the Covid pandemic, high inflation, the closure of the Suez canal in 2021 and the Russian invasion of Ukraine.

The Covid pandemic has had the most significant impact on the programme cost and delivery, with site closures, social distancing, additional welfare facilities, and compliance with Cabinet Office PPNs payments. This led to delays in funding and pushed work to later in the programme. The direct and indirect impact of the Covid pandemic is estimated to have cost BPR £22.5m, which comprises 6% of the original £369 million budget.

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However, as the programme enters its final year, additional essential remediation works have been identified, reflecting the complexity of delivering a major programme within a historic estate. The contingency within the originally agreed £369 million budget has already been largely exhausted due to the delays caused by the Covid pandemic, which led to a higher proportion of the programme being delivered later than expected with the consequential impact of higher inflation in building materials and construction wages. These pressures continue to be managed through established governance and assurances processes. If needed, any additional requirement would be met from the Sovereign Grant Reserve.³¹

As the final year of the Programme approaches, risks continue to be managed, and the focus remains on completing the remaining projects in order to realise these benefits for the Household and the Nation.

PRESENTATION OF INTERIORS

The presentation of the interiors of the Occupied Royal Palaces is central to the Royal Household's ability to use these spaces as the setting for Inward State Visits and other Royal Events, as well as to welcome visitors through the Royal Collection. The Royal Household employs specialist craft conservators across a range of disciplines to maintain and restore furniture and furnishings to the high standards required for these iconic settings, therefore also supporting the future of these specialist skills through apprenticeships and outreach programmes, which is important for our ongoing cultural heritage.

Highlights of 2025-26 include:

Project

Buckingham Palace

Progress during 2025-26

The re-wall silking of the Picture Gallery commenced as part of a nine-month works programme. This project included the hanging of 600 metres of wall silk and represents the largest undertaking of its kind currently being completed in the UK. A variety of disciplines were required, as there was a need to prepare and sew the wall-silks, install them on site and restore the gilded door inserts on the Picture Gallery doors, as well as other on-site gilding works.

Windsor Castle

The Furniture Making team supported the build, set-up, and preparation of the Banquet Table in St. George's Hall for four Inward State Visits. The Gilding workshop completed the gilding of 50 State Dining Room chairs, while the Upholstery workshop re-upholstered 29 chairs.

³¹ The Outline Business Case stated: "If, and where the costs of the Programme exceed the budget, and therefore the capped funding, the Household will be responsible for managing the scope and timetable of the Programme to return to budget, or to make contributions from the Sovereign Grant where these works are deemed a priority".

PERFORMANCE REPORT

Project

Progress during 2025-26

Palace of Holyrood House On-site restoration and conservation work including replacement carpets and the restoration of 55 items of furniture for Palace of Holyroodhouse.

Outreach

The team delivered a range of initiatives, including gilding courses for the Building Arts and Young People Programme at Highgrove, an upholstery course for The King's Foundation at Dumfries House, providing support to QEST as Skills Accessor in heritage crafts, and assisting the Worshipful Company of Furniture Makers as a member of the bespoke guild mark committee.

The team supported the Creative Dimension Trust, a charity which The King has become Patron, with a course for young people delivered at Buckingham Palace.

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ENSURING THE ROYAL HOUSEHOLD IS RESILIENT, PREPARED FOR THE FUTURE AND FOSTERS AN ENVIRONMENT WHERE PEOPLE SUCCEED. VALUE FOR MONEY

RESILIENCE AND VALUE FOR MONEY

A resilient Royal Household, strengthened against future shocks through robust financial and operational management as well as digitally supported, secure ways of working that deliver value for money.

RESILIENCE

The Royal Household continues to strengthen organisational resilience through targeted improvements to security, crisis preparedness, risk management and long-term sustainability.

Key activities during 2025-26 include:

- Enhancing cyber and information security: A dedicated Security Operations Centre has been established, providing enhanced organisation-wide monitoring and incident response capability. This has been supported by maintaining Cyber Essentials accreditation and continued alignment to the National Cyber Security Centre's Cyber Assessment Framework, strengthening the overall control environment for protecting critical systems and data.
- Strengthening crisis and emergency preparedness: A comprehensive review and refresh of crisis and emergency management arrangements has been completed. This includes updated plans, governance structures and escalation protocols, ensuring clear roles and responsibilities. Training sessions, including scenario-based exercises, have been undertaken to test these arrangements, build confidence, and improve organisational readiness to respond to a range of incidents.
- Embedding stronger risk management practices: Ongoing enhancements have been made to the identification, assessment and management of risks across the organisation. These improvements have focused on improving the quality of risk information and strengthening the proactive identification and consideration of new and emerging risks. They also reflect a more embedded and collaborative approach to risk management across the organisation and are reflected in the Governance Statement on page 70.
- Internal audit supporting resilience and assurance: Internal audit has delivered a risk-based programme of work focused on key areas of organisational resilience, governance and core controls. This has provided assurance over the effectiveness of these arrangements and supported continuous improvement. Further detail is included in the Head of Internal Audit's opinion on pages 67 and 68.
- Assessing and managing climate-related risks: Work has been undertaken to strengthen the understanding of both physical and transition risks arising from climate change across the estate and consider how these would materialise under scenario analysis. Outputs and the process for climate-related risk management are outlined in the Taskforce on Climate-related Financial Disclosures Statement, see pages 47 to 54. This climate-related risk work is being used to inform planning and investment decisions to enhance resilience and continues to evolve, with a focus on improved quantification in 2026-27.

PERFORMANCE REPORT

VALUE FOR MONEY

The Royal Household continues to prioritise value for money by taking targeted, practical actions to reduce costs while sustaining delivery, capability and the UK's international reputation.

Key activities during 2025-26 include:

- Innovating delivery to enhance impact at lower cost: the Royal Household is continually looking at ways of reducing the cost to the public purse, whilst maintaining a positive impact of the UK's internal reputation. The introduction of the "Inward Royal Visit" model, in collaboration with Government who fund such visits, is a key example of this approach during the year.
- Royal Train - planned cessation: in June 2025, it was announced that the lease for the Royal Train will not be renewed at the end of 2026-27. This reflects a clear decision to reduce operating costs and ensure that travel arrangements remain aligned with modern, efficient and sustainable alternatives.
- Strengthening procurement to unlock value: the procurement function has been expanded to respond to increasing regulatory requirements and to improve commercial outcomes. This includes development of a procurement strategy, supplier charter and value tracking framework, enabling better sourcing decisions and clearer measurement of both financial and non-financial benefits.
- Outsourcing internal audit: internal audit services have been outsourced to enhance quality, independence and access to specialist expertise, while also reducing overall cost. This change aligns with best practice and ensures continued robust assurance at improved value.
- Targeted investment in digital efficiency: digital services continues to modernise core systems to drive operational efficiency. The most significant example is the project to replace the finance system, which was commenced during the year. The aims of this project including streamlining processes, improving reporting capability and reducing manual effort over time.
- Benchmarking to inform future efficiencies: external benchmarking has been undertaken using publicly available data to compare key functions against relevant organisations. Next steps resulting from this work are being established and will be used to inform future decisions.
- Embedding cost discipline in planning: a renewed focus on identifying efficiencies has been integrated into planning and budgeting for 2026-27, ensuring that cost control is embedded at all levels of decision-making.

Together, these actions demonstrate a shift from general efficiency measures to a more structured and evidence-based approach to delivering value for money, with clear decisions, measurable initiatives and a continued focus on maintaining outcomes while controlling cost.

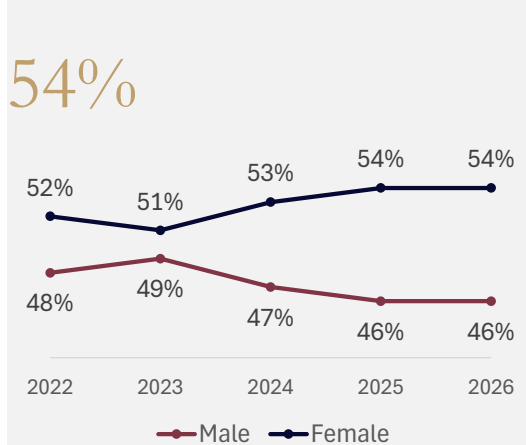
PERFORMANCE REPORT

INCLUSIVE EMPLOYER

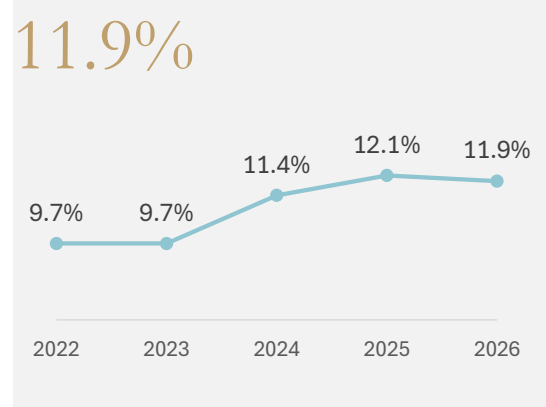
A modern, inclusive employer, where people thrive through positive employee experience and valuable pathways for growth and impact in diverse, multi-skilled teams.

A summary of key metrics is shown below, with a more detailed breakdown shown in the Remuneration and Staff Report on pages 90 to 91.

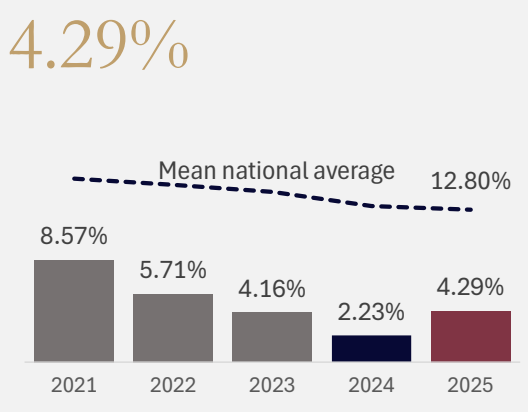
Proportion of female employees³²



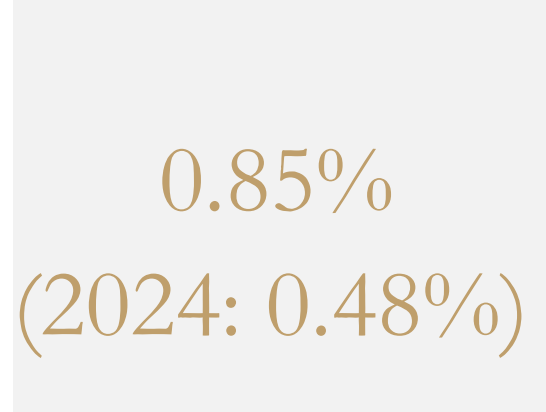
Proportion of ethnic minority employees (Ambition of 18%)³³



Mean gender pay gap³⁴



Mean ethnic minority pay gap³⁵



³² Employees funded in whole or in part by the Sovereign Grant.

³³ Including the Royal Collection Trust, as the fifth department of the Royal Household.

³⁴ The mean gender pay gap is as at 5 April 2025, 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.

³⁵ Historically, the mean ethnic minority pay gap was calculated including staff employed by Royal Collection Enterprises Limited. For 2025-26 this has been updated to be calculated for the King's Household excluding staff employed by Royal Collection Enterprises Limited. This is the same basis as legally required for the calculation of the mean gender pay gap and therefore makes these two measures comparable. The mean ethnic minority pay gap including Royal Collection Enterprises Limited was 5.85% at 5 April 2025 (3.9% at 5 April 2024). No national mean is available as this is not yet mandatory reporting.

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To ensure that the Royal Household reflects the society it services and fosters an inclusive culture, the decision was taken during the year to move away from a fixed target and instead adopt a longer-term ambition aligned to UK Census data of ethnic minority representation.

The proportion of employees from ethnic minority backgrounds is 11.9%, which remains below both the longer-term ambition aligned with UK census data and the previous target of 14% set for December 2025. The slow progress in improving ethnic minority representation highlights the need for more sustained and targeted action.

The reduction in ethnic minority representation during the year reflects a combination of factors, including normal workforce movements. Staff turnover slowed during the year, which, while positive in terms of organisational stability, has reduced opportunities to improve representation through external recruitment. This, alongside ongoing challenges in building a sufficiently diverse pipeline and supporting progression, underlines the need to strengthen interventions to address these structural issues.

Pay gap measures remain relatively low, with a mean gender pay gap of 4.29% and a mean ethnic minority pay gap of 0.85%; however, both have increased slightly during the year. While these movements are influenced by factors such as workforce composition, recruitment, progression and turnover, as well as the relatively small size of some employee groups, they nonetheless point to the need for continued effort.

In response to the above key activities during 2025-26 include:

- Refreshing the Inclusion and Diversity Strategy: a new strategy has been introduced with a broader focus on creating a truly inclusive environment alongside improving representation. This marks a shift from short-term targets to long-term ambitions.
- Strengthening leadership and organisational capability: delivery has focused on embedding inclusive behaviours and values across the organisation. This includes extending the Inclusive Leadership programme to a wider group of managers, introducing enhanced training to support staff in understanding and living organisational values, and improving recruitment guidance to promote fair and effective hiring practices.
- Enhancing wellbeing and employee insight: seventeen additional Mental Health First Aiders have been trained during the year, strengthening support available to staff. An employee pulse survey conducted in November has provided valuable insight into the lived experience of employees, helping to inform future priorities and targeted actions.
- Updating policies to support a more inclusive workplace: policies and practices have been updated in line with the Employment Rights Act, alongside a number of voluntary enhancements. These changes improve support for employees with family and caring responsibilities, and those experiencing significant life events, contributing to a more supportive and inclusive working environment.
- Improving accessibility across the estate: the commitment to inclusion extends to visitors, with improvements made to level access at Buckingham Palace and accessible accommodation incorporated into refurbishment works. These changes enhance accessibility and improve the experience for a wider range of visitors.

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SUSTAINABILITY REPORT

OVERVIEW AND STRATEGIC AIMS

The Royal Household recognises the importance of tangible action on sustainability and working to inspire others. The Climate Action Plan is now well established. It sets clear organisational targets for People, Nature and Planet underpinned by Departmental Action Plans and core principles of value for money, inclusion, partnership and adaptation. The programme is held to account by a robust governance framework. While sustainability is owned across the Household activity is supported centrally by a small expert team.

The plan directs action across the Occupied Royal Palaces, the Royal Collection Trust and the Private Estates. However, this report focuses only on the Sovereign Grant. It does not, therefore, describe the wider work, such as the impact delivered by organisations established by The King when he was Prince of Wales (such as the Sustainable Markets Initiative and the Circular Bioeconomy Alliance)

2026-27 will see a continued drive for energy efficiency alongside the roll out of clean energy technology across the estate. Land management plans will support activity towards nature targets and sustainability will be further integrated into procurement expectations and supplier engagement. Internal upskilling, staff engagement and wellbeing remains a key focus alongside pro-active and practical planning for long term climate resilience.

Sustainability is core to the household purpose. Leadership comes not just through organisational action, including working with suppliers and partners, but also through acknowledging that change is complex and challenging. As the sustainability programme matures the Household is working to ensure, through external relationships and engagement, that each action enables and accelerates the wider transition to a sustainable future.

2025-26 DATA AND REPORTING

Greenhouse Gas Emissions (“GHG”)

Scope 1, 2 and reported scope 3 emissions have decreased from last year falling 6% during 2025-26 in both market and location based calculations, this is primarily driven by a reduction in natural gas usage as well as a decrease in business travel emissions. While this saving is a positive reflection on work to increase energy efficiency there is potential for gas use to increase again in 2026-27 as the North and South Wings of Buckingham Palace come back into use following reservicing. It will not be possible to understand the full impact of energy efficiency improvements as a result of the Buckingham Palace Reservicing programme until the building is back to operating at full capacity, but the programme remains on track to deliver the design developed to realise carbon savings each year.

There was an uplift in owned vehicles emissions which was mainly driven by an increase in helicopter use, this was due to the fleet being back up to two helicopters and a move away from charter flights. Whilst there was a rise in overall usage of the helicopters there was also an increase in the uptake of sustainable aviation fuel due to the new tanks at RAF Odiham and RAF Northolt.

Business travel emissions in 2025-26 were 17% lower than 2024-25 mainly due to a peak created by the Samoa visit, this highlights the fact that the Household’s travel emissions will fluctuate each

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year depending on requests from Government for tours involving long haul charter flights. It is therefore expected that the state visit to America, combined with a royal visit to Bermuda, in April 27 will cause an increase in business travel emissions for 2026-27.

Carbon emissions from purchased electricity in 2025-26 decreased by 9% on a location basis (see definitions below) but decreased by 6% on a market basis. The overall consumption remained relatively stable however an active program to move more consumption onto the Household's Renewable Energy Guarantees of Origin (REGO) backed contract has resulted in the drop in market-based emissions and the overall UK grid intensity has lowered this year resulting in a drop in location based emissions.

Quantification and reporting of greenhouse gas (GHG) emissions are in accordance with the GHG Protocol, using the operational control approach. The operational boundary for sustainability reporting is the same as the Sovereign Grant's financial reporting boundary. Energy use data has been collated and converted into carbon dioxide equivalent (CO₂e) using the UK Government 2025 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.

Estimations and uncertainty

The Royal Household is always seeking to improve the quality of its data. Despite this, environmental reporting is an evolving area and inevitably involves certain estimates and assumptions. For more information see the section on Data Improvement below.

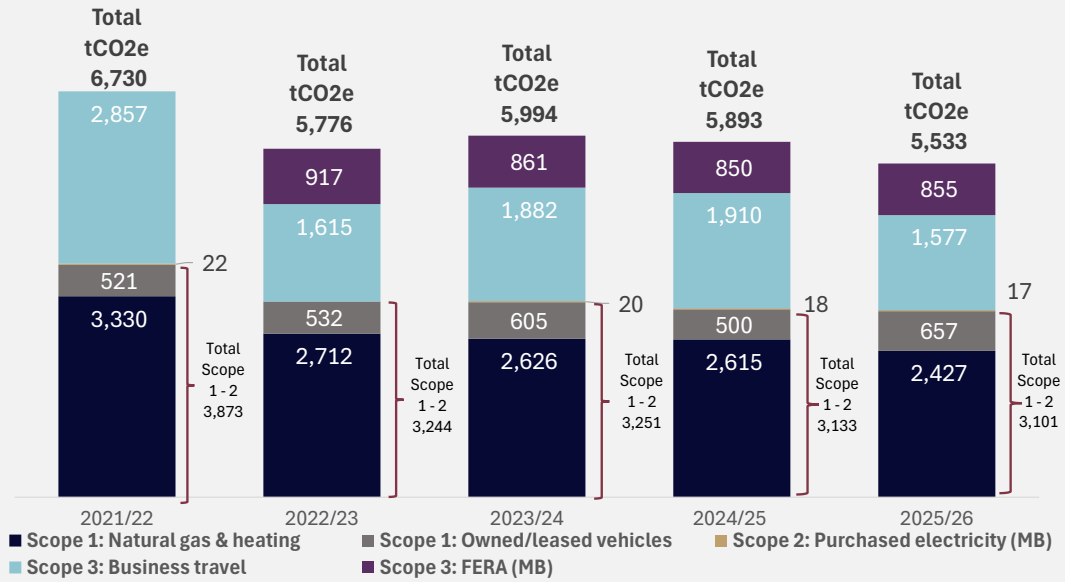
Definitions

- Market-based emissions: emissions from electricity usage calculated 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).
- 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)

PERFORMANCE REPORT

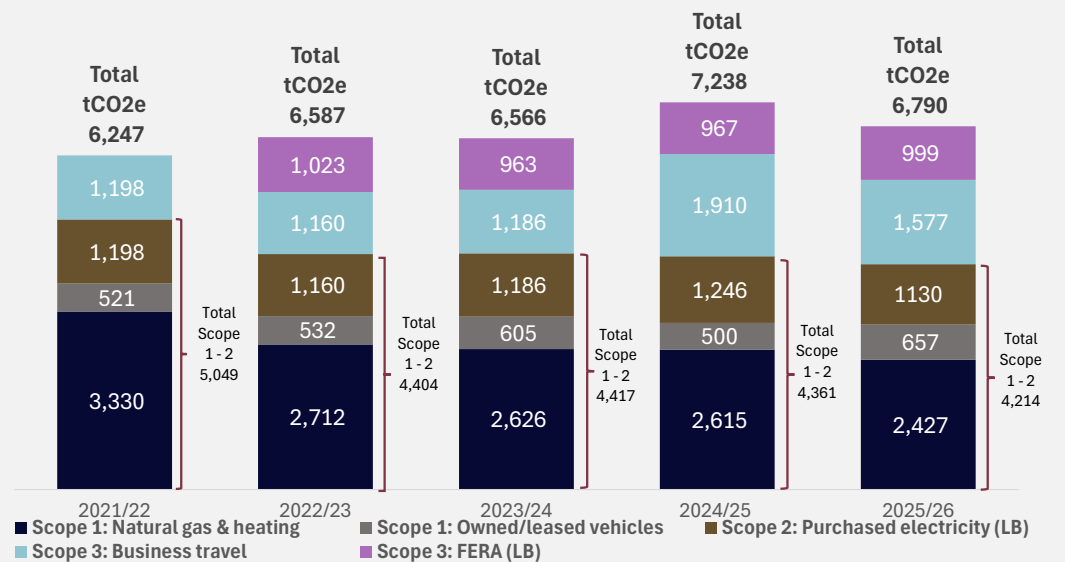
Total Scope 1 - 3 (Market Based) tCO₂e³⁶

Decrease 6%



Total Scope 1 - 3 (Location Based) tCO₂e³⁷

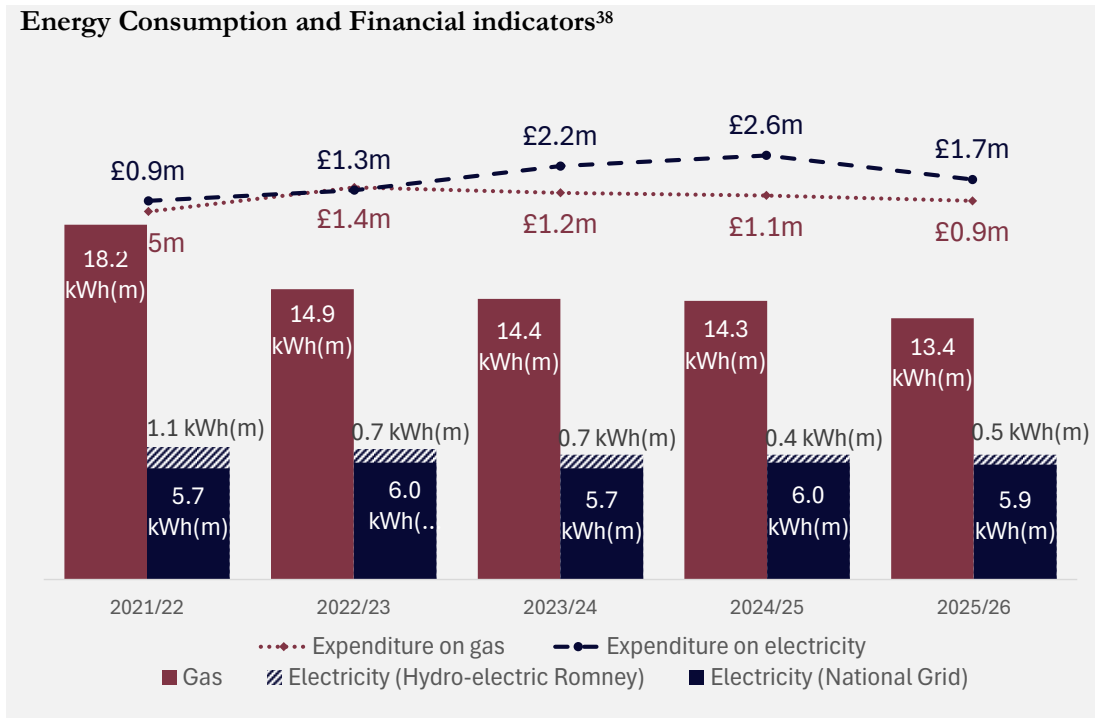
Decrease 6%



³⁶ Please see Appendix 2 for the data in tabular form.

³⁷ Please see Appendix 2 for the data in tabular form.

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Gas

Gas consumption has decreased 7% with the majority of gas savings made at Buckingham Palace. While the closure of areas to accommodate reservicing activity accounts for the majority of this saving, increased efficiency through operational changes has also had an impact. The reductions at Buckingham Palace are also partially offset by the movement of large events and other activity to Windsor which has resulted in a 1% increase in gas consumption in the Castle's Upper Ward. However, work to reduce consumption at Frogmore House and the Greenhouses in Windsor Home Park have lessened the potential increase.

Electricity

Electricity consumption remained flat year on year. However, 2025-26 has seen a small increase in generation from the on-site hydro at Windsor's Romney Lock, which has a lower unit cost. Where possible small outstanding electricity supplies have been moved to a renewable supply. Working in partnership with Octopus Energy the Household's national grid electricity is provided by UK hydro, solar and wind assets.

Water

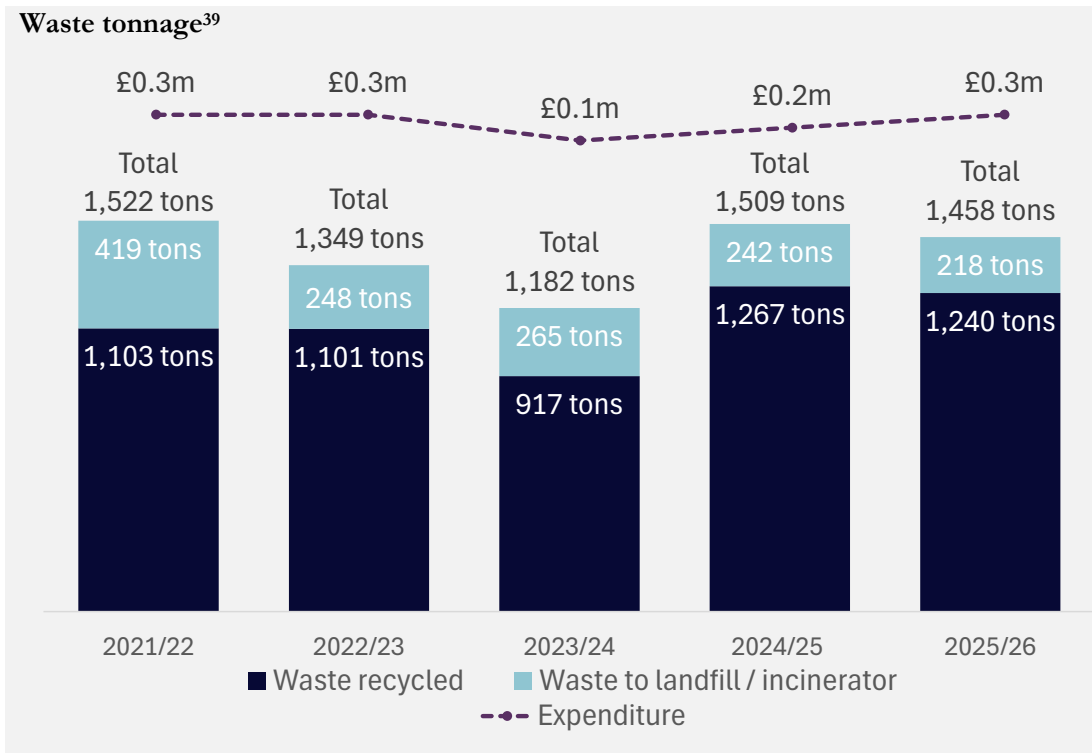
In 2025-26, 0.17 million cubic metres of water from public suppliers was used across the Estate (2024-25 0.17 million cubic metres). A behavioural change programme to encourage water efficiency was introduced in 2025-26 with the aim of reducing the volume of water used in London and this will continue to be developed in 2026-27 so that a reduction is visible in next year's figures. A new irrigation system was installed in the Quadrangle at Windsor Castle in March 2026 to reduce unnecessary watering and improve water efficiency.

³⁸ Please see Appendix 2 for the data in tabular form.

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Waste

In 2025-26, 1,458 tonnes of waste was produced across the Royal Household (2024-25: 1,501 tonnes, 2023- 24: 1,182 tonnes), a 3% decrease. A compostable waste packaging trial took place at Buckingham Palace and salad boxes from Notpla, an Earthshot prize winner, were introduced to remove single use containers. In Windsor efforts continue to improve recycling figures by further embedding sustainable waste management practices. A new London waste contract is in the process of being procured so the coming year will focus on staff engagement, behavioural change and capturing additional waste streams.



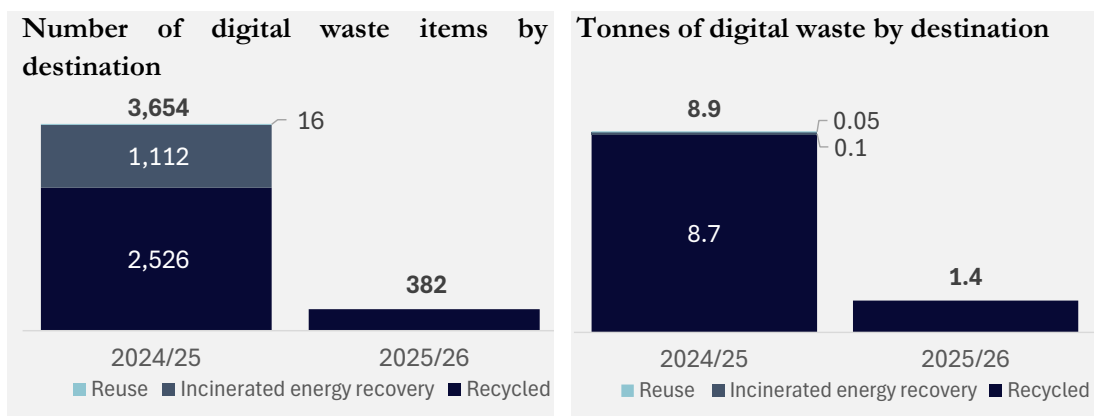
³⁹ Prior to 2024-25 the waste volumes did not include green and horse waste as these were not recorded.

PERFORMANCE REPORT

Digital Hardware and Digital Services

Over the year work has continued to reduce the number of network devices per person, with users replacing multiple fixed PCs with a single laptop when travelling between work and home, or between multiple sites. There has also been progress in establishing secure hardware recycling, a programme has been developed with the various IT suppliers to ensure equipment is recycled or reused where possible, reducing the wastage from disposal.

During 2024-25 there was a significant hardware replacement programme, which increased digital waste during that year and has not been repeated in 2025-26. The items sent to incineration for energy recovery predominantly relate to waste where there were no materials for ready recovery.



In 2025-26 there was a renewed focus on integrating sustainability into digital procurement and work on supporting more sustainable IT operations across the Household. This includes the migration of IT services to the cloud and the continued deployment of SharePoint across the estate, both projects leveraging savings in carbon emissions. The Digital team are working with Property Section to expand and develop the Building Management System to allow greater visibility and control of Household energy settings.

Data improvement

Following a gap analysis review and recommendations from The Carbon Trust on bringing GHG emissions data to audit standard, work has been underway to further improve data quality. As a result of this analysis carbon accounting software is being implemented across the Household, this will allow for greater reliability and visibility of data and ensure alignment with best practice as well as increasing coverage of Scope 3 categories. As part of this implementation a review of all data is being undertaken.

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

Reporting for 2025-26 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.

PERFORMANCE REPORT

Due to the nature of the Royal Household's work, there will be year on year variance in the footprint depending on activity. As reservicing work is carried out on Buckingham Palace, areas are brought into and out of service which impacts the energy usage and emissions profile. Work to improve the data will also lead to some variance, as will the extension to cover more areas of Scope 3 reporting, an area that is acknowledged to be challenging. This is not unusual for an organisation and the approach to data reporting is intentionally transparent and is evolving in line with good practice.

2025-26 ACTIVITIES AND PROGRESS

Clean Energy Transition

From a baseline year of 2022-23 the Royal Household has a Net Zero carbon pathway to 2040 for direct emissions. Work this year has focused in on the two most material areas of carbon emissions, the heating at both Windsor Castle Upper Ward and Buckingham Palace, with extensive feasibility work undertaken to produce a detailed set of options for electrification and resilience which are now subject to funding decisions. Alongside these substantial multi-year projects domestic scale air source heat pumps continue to be installed as boilers reach end of life, with a total of £0.7 million expended on clean energy transition related projects during 2025-26.

Work has also begun on enhancing monitoring and optimising existing systems to increase energy efficiency in preparation for the new technologies, targeting high-impact, low-cost improvements. Key initiatives focus on the Building Management System (BMS) optimisation at Windsor Castle Upper Ward and Buckingham Palace.

At Kensington Palace work in partnership with Historic Royal Palaces continues with the aim of identifying a joint approach to site decarbonisation.

In 2025-26 the installation of permanent Sustainable Aviation Fuel (SAF) tanks at RAF Odiham and RAF Northolt have enabled an increase in volume of SAF used. This was also possible by a favouring of helicopter use over fixed wing charter flights. Towards the end of the year SAF sourcing challenges have meant that work with partners has been even more crucial to ensure a stable supply. In parallel the Household continues to encourage the evolution of SAF sourcing, shining a light on new approaches and technologies.

The move towards a majority electric vehicle fleet continued in 2025-26 with charging points now in place across the estate.

Nature

In 2025-26 the Household prepared a Nature baseline for the Occupied Royal Palaces and began advancing plans and projects to meet our target of 30% of land effectively managed for nature by 2030. A full time Biodiversity Manager was hired to oversee this work and provide ecological expertise for the Household. The Royal Household found its gardens support diverse wildlife, bird species with amber or red conservation status were observed at all sites and good bat populations are also present, despite the urban context of the Palace sites. However, the Baseline found that further work is required to reach the target, in line with the assessment for England as a whole. Management changes, including focused habitat enhancement projects, are planned to

PERFORMANCE REPORT

improve this result and further support target wildlife species. Last year, a number of smaller projects initiated by Household staff were delivered, including the installation of rainwater collection, a small pond, more bat boxes, and beds for cutting flowers.

The Household is aware that impacts on Nature stretch beyond land management and there is increasing focus on supply chain and responsible buying practices. In 2025-26 work was undertaken by FAI Farms to independently assess the Household's food sourcing approach against a range of animal welfare standards. The report found sourcing to be of a very high standard across the board and helped identify potential areas of future risk to inform ongoing work.

The Royal Household has continued to engage with neighbours and partners, including Historic Royal Palaces, The Royal Parks, and Wildfowl and Wetlands Trust, as well as the Wilder Westminster network and the Future of National Gardens group coordinated by the Royal Horticultural Society. The Royal Household has also expanded its outreach activities through citizen science nature activities and coordination with the Royal Collection Trust learning teams. An expanded monitoring scheme including surveys of key habitats, species, and ecosystem functioning has been developed to capture the state of Nature in greater depth and will be carried out across Household sites during 2026-27.

People

This year, internal communication and staff engagement has been further developed and strengthened, with a focus on providing context on the Household's response to the Nature and Climate Crises, and on the opportunities for individuals to take action at work and at home. This has been communicated via the development of online learning modules, which 20% of staff have completed to date, regular updates to the online resource hub, and campaigns on resource efficiency. In addition, communication of sustainability projects happening across departments have been regularly shared throughout the year, via written case studies, and online talks.

Regular events to connect staff with Nature have also been rolled out to enhance wellbeing and knowledge of local biodiversity. This has included participation in RSPB's Big Garden Birdwatch in January 2026, and 'Nature Breaks' on Household sites throughout the year. This programme of events continues to be developed seasonally.

As well as creating opportunities for staff to access Nature, during 2025-26 the Household began the roll out of a bespoke Carbon Literacy training course for the Household, which aims to enhance knowledge of the Climate Crisis with attendees required to identify actions they can take to reduce organisational emissions within their specific roles in order to be independently certified as Carbon Literate.

In recognition that individual employees are often best placed to identify environmental sustainability challenges in the workplace, a pilot programme called *Ideas into Action* was released in spring 2025. This initiative supported individuals and teams as they developed solutions to local challenges, and in total 38 applications were submitted to the programme. 15 applications were awarded funding to roll out their projects which ranged from enhancing biodiversity in the gardens, to a trialling new conservation materials.

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Alongside these staff initiatives, wider briefings involved over 750 employees across all sites raising awareness of the programme and providing staff with the knowledge to support action across the Household.⁴⁰

Additionally, following workshops to identify areas of action on sustainability that can be undertaken by teams, every department in the Household has now developed a sustainability action plan, with each action given a target date for implementation.

External partnerships continue to be important in developing and strengthening core areas of delivery. Over the year knowledge exchange visits for Royal Household teams took place around new technologies and biodiversity enhancement. In addition, the 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+.

A social impact mapping exercise has been undertaken by the Young Foundation to explore opportunities to connect and amplify the wide range of social sustainability work the Household is already doing. External consultants 3ADAPT were also commissioned to conduct an environmental and social review of the Royal Warrants, in response to evolving expectations around sustainability. Both areas will be developed further in 2026-27.

Governance

Governance is in place to oversee 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 58 to 67.

In addition to the Royal Household's overarching governance structure, three 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 increase resource efficiency.
- **Travel Emissions Working Group:** Specifically identifying opportunities to improve carbon emissions reporting and actions to reduce the impact of travel across the Household.

In 2025-26 the Sustainability Programme was also subject to an Internal Audit review and sought specialist targeted advice on carbon footprint verification, climate risk, food sourcing and social sustainability.

⁴⁰ Including across the Royal Collection Trust, other Royal Households, the Privy Purse and the Private Estates

PERFORMANCE REPORT

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT

The Royal Household has made significant steps to develop its approach to climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure guidance for the public sector, which adopts a phased approach for implementation.

Climate-related risk remains a priority for the Royal Household and in 2025-26, work has progressed in alignment with phase three guidance to cover:

- **Governance:** Board oversight and management's role in assessing and managing climate-related risks and opportunities (see the Governance Statement on page 58 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.
- **Risk Management:** processes for identifying, assessing and managing climate-related risks and how these processes are integrated into the Royal Household's Enterprise Risk Management (ERM) Framework (page 70).
- **Strategy:** material climate-related risks and opportunities that the Household has identified against a range of scenarios and likely impact on strategy.

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. Sustainability is also captured within the LCC risk register along with controls and actions in development. Supporting LCC's oversight the Audit and Risk Committee (ARAC) is responsible for reviewing the comprehensiveness of assurances given in respect of risk, control and governance. It receives an ERM update at every meeting (3 per year) (and this includes the LCC risk register, which contains the 'reputational' risk re sustainability). It then receives annual updates on the whole sustainability programme.

The Risk Committee, as outlined on page 62 in the Governance Statement, supports the LCC in its oversight of the Enterprise Risk Management Framework. The Household TCFD risk register and Sustainability Programme is subject to risk review and discussion annually at this committee. In addition, there are mechanisms by which risks can be escalated to the Risk Committee in-year for discussion, outside of the normal reporting cadence.

The day-to-day decision-making and management of the Sustainability Programme plans are the responsibility of the Operations Committee, as outlined on page 62 of the Governance Statement, which receives quarterly updates. Issues identified at the Risk Committee are referred to the Operations Committee for consideration. There is overlap in membership across the two Committees providing continuity in discussion and decision making.

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Risk management

Ensuring continued progress in reducing impacts on Nature and climate has been identified as a principal risk area, as shown on page 76. Regular updates are reviewed by the Risk Committee and reported to both the LCC and ARAC at every meeting. The Household has established a TCFD risk register that sits within the Enterprise Risk Management (ERM) framework enabling risks to be escalated up to the LCC at the discretion of the Risk Committee. Risks were identified through workshops with senior internal stakeholders and grouped into short (0-5 years), medium (5-15 years) and long term (15+ years). Each risk is allocated an Owner, who is responsible for assessing its likelihood and impact, and identifying controls and further actions to manage the risk. The TCFD risk register is reviewed formally by the Risk Committee on an annual basis and operationally by management every quarter to ensure actions are being completed and new and emerging risks are assessed, and where required, escalated.

Strategy

During 2025-26 the impact of the Household's identified risks and opportunities on strategy, financial planning and resilience were considered by senior stakeholders using qualitative scenario analysis.

For this the Network for Greening the Financial system (NGFS) scenarios, with adaptations made to enhance applicability to the Royal Household, were used. The NGFS model was selected as a set of credible, publicly available and transparent narratives which are well-recognised and used extensively by financial and non-financial institutions and companies.

Four scenarios, informed by the NGFS framework and representative of a range of potential global outcomes, were selected.

Scenario	Policy Ambition	High level scenario summary
Net Zero 2050	1.4°C	<ul style="list-style-type: none"> Aligns with the UK's legally binding target to limit warming to 1.5° through stronger climate policy. Public engagement is high, and sustainability becomes mainstream in society and workplaces.
Delayed Transition	1.7°C	<ul style="list-style-type: none"> No additional climate policies implemented until 2030, after which strong policies are introduced to try and limit warming below 2°C Market uncertainty and lack of investments causes teething issues, supply chain bottlenecks and skill shortage.
Fragmented World	2.4°C	<ul style="list-style-type: none"> Reflects a globally inconsistent and delayed climate response, and weak global cooperation. Decline in global solidarity increases societal tensions and public scrutiny of organisations.
Global Status quo	3°C	<ul style="list-style-type: none"> Only existing climate policies are implemented with no significant action or strengthening of measures over time. Warming continues to increase, exposing the UK to extreme, chronic physical climate risks.

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The Household sees alignment with TCFD recommendations as an ongoing process of maturing the organisation's understanding of climate risk and the embedding of mitigation actions into processes to increase resilience. In 2026-27 the Household will start to draw together quantitative inputs for internal use in considering future potential scenarios and work to further develop mitigation and adaptation actions beyond the current strategy term, bringing together a high-level transition plan. There will be a particular focus on understanding and enhancing supply chain and wider climate resilience through work with suppliers and aligned partners. Alongside this there will be a continued emphasis on integration of climate risk into strategic and financial planning processes.

Definitions of risks

- **Physical risk:** Physical impacts from climate change, such as increased flooding, leading to impacts on operations, supply chains and employee productivity
- **Transition risk:** Changes in climate policy and technological uptake which could impact the Household, its supply chain and partners, such as changes in policies, regulations or market dynamics

The table below highlights the most material climate-related risks and opportunities that the organisation's senior managers have identified as relevant. It provides insights into the potential impact of these risks and opportunities alongside specific scenarios and associated estimated time horizons. The Royal Household has identified which impacts could affect our business operations, income through the potential loss of Facilities Management Charge, and activities, as well as the broader impacts that affect our enabling role to contribute to wider UK sustainability objectives. Information on how the Household is managing these impacts is summarised under the Sustainability Report on page 38.

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Physical Risks

Scenarios under which risk would materialise	Risk	Risk Definition	Impact	Mitigations	Time Horizon ⁴¹
Delayed Transition Fragmented World Global Status Quo	Storm Damage and Disruption	Extreme weather conditions such as high winds, heavy rain, or snowstorms	Damage to infrastructure, assets and operations. Likely to increase in frequency and intensity	-Property maintenance -Operational & infrastructure forward planning	S
Delayed Transition Fragmented World Global Status Quo	Flooding	Extreme rainfall, flash flooding and/or rising groundwater or sea levels	Damage to infrastructure, assets and operations. Likely to increase in frequency and intensity	-Property maintenance -Operational & infrastructure forward planning	S
Delayed Transition Fragmented World Global Status Quo	Extreme heat and heat stress	An acute, or prolonged, period of abnormally hot weather	Impact on the built assets, infrastructure and operations	-Property maintenance -Operational & infrastructure forward planning -Research work	S/M
Delayed Transition Fragmented World Global Status Quo	Water stress and drought	Water scarcity as a result of reduced rainfall over a prolonged period	Impact on properties, operations and events	-Resource efficiency action plan -Operational & infrastructure forward planning	M

⁴¹ Short term (S): 0-5 years, Medium term (M): 5-15 years, Long term (L): over 15 years

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Transition Risks

Scenarios under which risk would materialise	Risk	Risk Definition	Impact	Mitigations	Time Horizon
<ul style="list-style-type: none"> Net Zero 2050 Delayed Transition Fragmented World Global Status Quo 	Reputational	Speed and ambition of Household actions out of line with science, policies and public attitudes	Risk of undermining public trust and the work of partners	<ul style="list-style-type: none"> -Cross Household Sustainability programme and success measures -Wider sector engagement to support UK transition 	S
<ul style="list-style-type: none"> Net Zero 2050 Delayed Transition Fragmented World Global Status Quo 	Increased costs and supplier disruption	Transition to a low carbon supply chain and the impact of physical climate risks could result in reduced availability of goods or higher cost of inputs	Impact on the Royal household's properties, operations and events	<ul style="list-style-type: none"> -Streamlining supply chain through frameworks and market testing -Horizon scanning integrated into Risk Committee processes 	S/M
<ul style="list-style-type: none"> Net Zero 2050 Delayed Transition Fragmented World Global Status Quo 	Deployment of new, low-carbon technology	Challenges in deploying low-carbon technologies across a complex, historic and culturally significant estate	Impact on speed, feasibility, cost and complexity of transition	<ul style="list-style-type: none"> -Sector collaboration -Pilot programmes -Research into building performance and the impact of new technologies 	S/M
<ul style="list-style-type: none"> Net Zero 2050 Delayed Transition Fragmented World Global Status Quo 	Energy Price Volatility	Changes in demand and supply as geopolitics, economic conditions, availability and changing weather patterns impact the market	Rising energy prices could impact budgets and restrict operations, events and visitor numbers	<ul style="list-style-type: none"> -Market monitoring -Use of an energy broker -Energy efficiency and on-site generation 	S

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Scenarios under which risk would materialise	Risk	Risk Definition	Impact	Mitigations	Time Horizon
Net Zero 2050 Delayed Transition Fragmented World Global Status Quo	Changes to climate or Nature legislation	Introduction or removal of legislation around the transition to Net Zero and Nature	An increased risk of non-compliance and/or the Royal Household incurring higher, or unexpected, costs or strategy misalignment	- Regular review of current and likely future legislation considered in risk updates	M

Opportunities

Scenarios under which opportunity would arise	Opportunity	Opportunity Definition
Net Zero 2050 Delayed Transition Fragmented World Global Status Quo	Increased operational efficiency & climate resilience	Investment in the Royal Household's assets to drive decarbonisation and improve climate resilience could deliver operational efficiencies. Whether through the retrofitting of property, deployment of new low-carbon technologies, or installation of on-site renewables, this investment could lead to lower operating costs, enhanced building management systems, and greater energy security in the medium to long term.
Net Zero 2050 Delayed Transition Fragmented World Global Status Quo	Supporting the wider UK transition	Investment in decarbonisation and biodiversity enhancement will serve as a clear demonstration of commitment to sustainability and the wider UK clean energy transition and nature recovery
Net Zero 2050 Delayed Transition Fragmented World Global Status Quo	Attracting and retaining talent	Purpose driven organisations that clearly invest and deliver on their goals are more likely to attract and retain talent

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Metrics

The Household is committed to enhancing the data monitoring and reporting that will support robust assessment of risk. To date the focus has been on improving GHG emissions quality across Scope 1, 2 and areas of Scope 3 (see page 38). The Household has a 2040 Net Zero target for direct emissions with all emissions Net Zero by 2050. Two major initiatives, at Windsor Castle Upper Ward and Buckingham Palace have been identified as major milestones on the path to reach an interim target for direct emissions against a 2022-23 baseline. The bulk of emissions reductions will be delivered through the electrification of heating, with initiatives highly dependent on funding availability. Given the substantial nature of the building projects and the Royal Household's historic estate, national significance and cultural heritage, these projects require careful planning. As a result, whilst a substantive reduction in emissions is not yet evident, there is extensive work underway on feasibility and funding.

The table below includes current key climate-related metrics that the Royal Household currently uses to inform its management of climate-related risks and opportunities, noting some of these are qualitative. These are intended to be iterative and will evolve overtime.

Category	Description	Unit of Measurement
GHG emissions data	The carbon emissions data for Scopes 1, 2, and some Scope 3 is detailed on page 148, in accordance with the Greenhouse Gas Protocol. 2025-26 focused on improving the quality of Scope 1 and 2 data and expanding understanding of the Scope 3 footprint. 2026-27 will focus on enhancing granularity with use of a carbon software tool.	CO2e
Net Zero	The Household's Net Zero goal is aligned with climate science. The aim is to reach Net Zero by 2040 for direct emissions and 2050 for all emissions.	CO2e
Energy use	Decarbonising the Household's buildings, reducing energy use and improving efficiency are key to delivering the Household's sustainability targets. The Royal Household is committed to procuring electricity from renewable sources. 1. Energy consumption 2. Purchased renewable electricity	1. MWh 2. Percentage
Resource efficiency	Waste and water volumes are measured on the Occupied Royal Palaces estate. These metrics will be enhanced in 2026-27 with new contracts increasingly visibility across London sites. 1. Water 2. Waste	1. Cubic metres 2. Tonnes and £
Nature Recovery	The Household's Nature goal is aligned to national and international targets with an aim to have 30% of land primarily managed for Nature by 2030.	% of land

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Category	Description	Unit of Measurement
Purpose driven recruitment and retention	Environmental Sustainability is a core pillar in the Royal Household's Purpose as shown on page 8. Qualitative feedback is gathered on staff understanding of the Purpose and work alignment perception.	Staff survey
Organisational upskilling	Education on climate and Nature	<ol style="list-style-type: none"> 1. Learning modules developed 2. No. of staff having completed learning
Property level risk reviews	Climate Risk Assessment (CRA) for Household portfolio with actions integrated into TCFD risk register	CRA in place

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FUTURE PLANS

During 2026-27 plans include:

- Providing support to Their Majesties and other Members of the Royal Family, across their roles including His Majesty's as Head of State and Head of Nation.
- Further Inward and Outward State Visits, including:
 - The State Visit to the United States of America, combined with a Royal Visit to Bermuda in April 2026.
 - Further Inward and Outward State and Royal Visits (to be announced and as requested by His Majesty's Government).
- Prioritisation of the conservation and care for the Occupied Royal Palaces, with the increase to the core Sovereign Grant for 2026-27 providing funds to deliver an appropriate level of Annual Works Programme with a view to slowing down and eventually reversing the decline in the condition of the Estate. The level of Annual Works Programme will be kept under review. Significant projects include:
 - The continuing replacement of the fire alarm systems across the estate;
 - Structural roof investigation works at Windsor Castle;
 - Completion of roofing scheme in the Middle Ward of Windsor Castle;
 - London and Windsor External decorations, including window draught-proofing;
 - York House structural floor repairs and refurbishment;
 - Frogmore Stables roof repairs; and
 - Stable Yard House refurbishment into residential accommodation to maximise returns.
- Buckingham Palace Reservicing will enter its final year, with key activities including:
 - The delivery of the final phases of the West Wing works in the State Rooms, including the new lifts and Changing Places facility.
 - The completion of the South Wing, including the Peninsula, F-Block and the North Wing projects, which focus mainly on reservicing with limited operational improvements.
 - The close out of the programme.
- Commencing works to restore furnishings and reinstate heritage assets in Buckingham Palace in the South and North Wings including the redecoration of North and South Wings of Buckingham Palace following completion of reservicing programme.
- Developing detailed business cases and delivery plans for major clean energy transition works, subject to agreement of funding from HM Treasury.
- Using the strong sustainability programme foundations to drive forward work on emissions reduction, Nature and responsible procurement alongside developing a longer-term transition plan: Work will include:
 - Further developing the planning for next phase of carbon reduction from 2030 to 2040
 - Driving forward energy efficiency work with a focus on smart reallocation of staff spaces following Buckingham Palace reservicing
 - Initiating nature positive landscape management plans across all sites.
 - Working with suppliers to enhance sustainability activity and transparency across our supply chain
 - Further developing the Household's approach to climate and nature-related risk and opportunity enhancing quantitative measures
- Continuing to invest in the Royal Household's digital infrastructure with the aim of replacing all legacy systems before end of life to ensure resilience in cyber security, cyber accreditation and effective delivery of business needs. During 2026-27 this includes the ongoing project to

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replace the ageing Finance system and plans to review and retender the core HR and payroll system as part of a planned programme work to catch up on planned upgrades which were deferred during the period of flat Sovereign Grant.

- Preparing for the end of the Royal Train contract at the end of 2026-27 as part of a move towards more cost-effective and efficient travel.
- Continuing to replenish reserves, to ensure sufficient working capital preparedness for unforeseen events, resilience in the events of multiple, overlapping shocks and to cover any additional costs for Buckingham Palace Reservicing whilst also maintaining appropriate levels of Core Sovereign Grant.

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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, and at least up to 31 March 2032 being the end of the next Sovereign Grant term, on the basis of:

- 2025-26 financial year resulted in a net surplus, increasing the Sovereign Grant Reserve from £8.3 million to £21.2 million (see Finance Review on pages 13 to 16).
- Confirmation from the Royal Trustees of the amount of the Sovereign Grant for 2026-27 at £137.9 million. This is sufficient to provide the remaining £40 million of the originally agreed £369 million, for the Buckingham Palace Reservicing Programme by the end of 2026-27. If needed, any additional requirement would be met from the Sovereign Grant Reserve.
- Approving the Budget for 2026-27 which includes plans to further increase the Sovereign Grant Reserve to act as contingency for unforeseen circumstances, after accounting for the need to fund the final year of the Reservicing programme.
- The Sovereign Grant Act 2011 (the "2011 Act") requires the government to pay the Sovereign Grant each financial year appropriate resources for the Royal Household in support of His Majesty's official duties. The briefing notes for the King's Speech 2026 at the State Opening of Parliament outlines the intention to legislate to set the Sovereign Grant amount for 2027-28, enabling the Grant to be reduced once the Buckingham Palace Reservicing Programme comes to an end.
- The exact amount is to be determined by the 2026 Royal Trustees Review, which is required under section 7 of the 2011 Act to determine the appropriate percentage of The Crown Estate's revenue account profit used in calculating the annual Grant amount for years beyond 2027-28. In coming to their determination, the Royal Trustees will take account of the Royal Household's expected costs for the five-year period 2027-28 to 2031-32 when establishing the appropriate amount. The Royal Household expects the annual grant to be sufficient to meet our funding requirements.
- There being a robust risk management framework including in respect of emerging risks, as outlined on pages 70 to 78, which is regularly reviewed by the Committee.
- The work undertaken by both Internal Audit and the Audit, Risk and Assurance Committee as outlined in this report.

James Chalmers
Keeper of the Privy Purse
17 June 2026

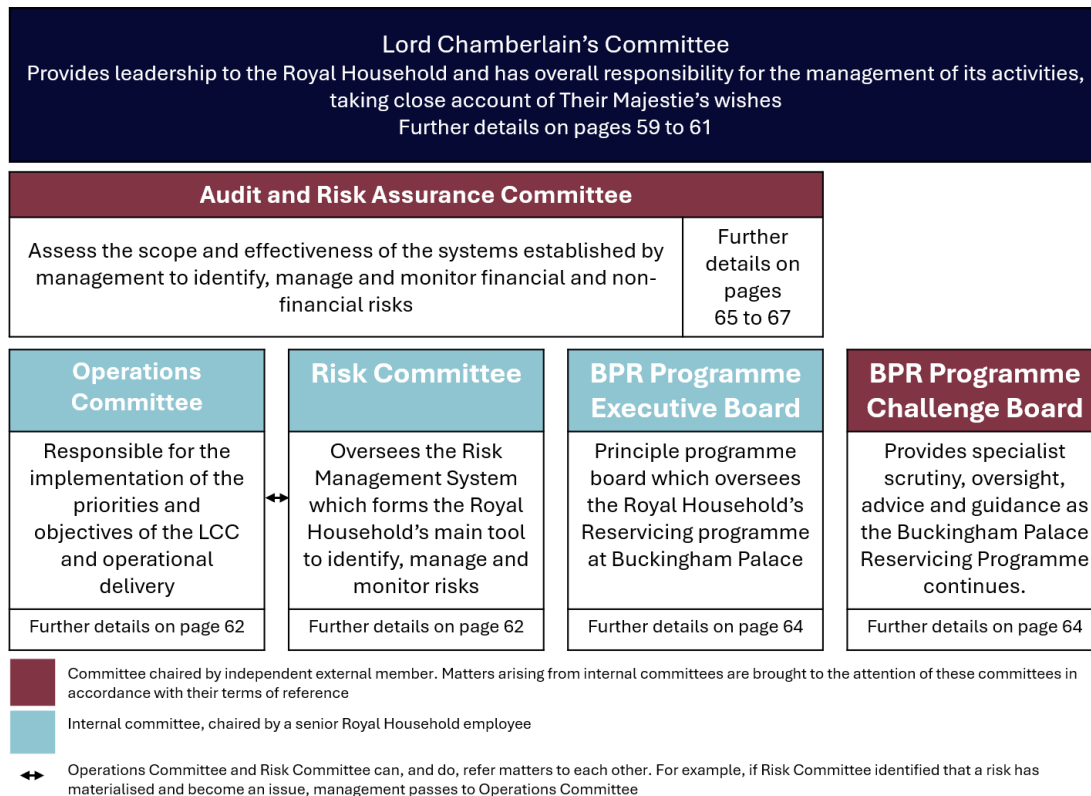
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CORPORATE GOVERNANCE STATEMENT

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 2025 to 31 March 2026 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.⁴²



⁴² Further supporting committees exist in respect of specialist areas and report into LCC via the Operations and Risk Committees, for example in respect of security risk 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 Committee 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 the initiation, continuation and termination of 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 2025-26 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 Enterprise Risk Management framework and top risks, monthly financial performance, major projects such as the Buckingham Palace Reservicing Programme, and preparation for the next Sovereign Grant term. Other areas of focus in the year included inclusivity and diversity, communications, cyber security and Senior Appointments.

The Lord Chamberlain's Committee is satisfied that the information it receives is of sufficient quality, timeliness and accuracy to support effective governance, with continued improvements made during the year. The accuracy and completeness of information is underpinned by prior scrutiny through the Risk, Operations, and Audit and Risk Committees, as well as by subject matter experts in forums such as the Cyber and Information Working Group and Central Fire, Health and Safety Committee. The Secretaries to these committees meet regularly to ensure effective and timely information flows across the governance structure.

As outlined in 'Supporting committees' on page 62, 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),

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to make decisions and incur expenditure in accordance with internally set delegation limits in respect of the Sovereign Grant.

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 was undertaken, although this did not focus on the effectiveness of the Committees reviewed. A review of the terms of reference was completed in July 2025, following an informal review of the Committee's effectiveness carried out in April 2025. A facilitated Board Effectiveness review is planned for early in 2026-27.

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 (2025-26 10 times, 2024-25: 9 times). Its members, and the attendance record for the year are set out below:

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		Meetings attended in 2025-26⁴³
Non-Executive Chair:		
• Lord Chamberlain	The Lord Benyon of Englefield	10/10
Heads of Departments:		
• Principal Private Secretary to The King and Queen	The Rt. Hon. Sir Clive Alderton	7/10
• Private Secretary to The Queen	Ms Sophie Densham	10/10
• Keeper of the Privy Purse	James Chalmers	10/10
• Master of the Household	Vice Admiral Sir Tony Johnstone-Burt	10/10
• Comptroller, Lord Chamberlain's Office	Lt Col. Michael Vernon (until July 2025)	3/3
• Comptroller, Lord Chamberlain's Office	Edwyn Lauanders (since August 2025)	7/7
• Director of the Royal Collection	Mr. Tim Knox	10/10
Non-Executive members:		
• Private Secretary to The Prince of Wales	Mr. Ian Patrick	6/10
• Private Secretary to The Princess of Wales	Lt. Col. Tom White	4/10
• Chair of the Audit and Risk Assurance Committee	Ms Sharmila Nebhrajani	10/10
• Independent Member	Ms Carol Hui	10/10

⁴³ Attendance is shown relative to the number of meetings an individual could have attended in their role, i.e. for individuals joining / leaving during 2025-26 the number of meetings will be less than the total for the year.

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Supporting committees

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

The Operations Committee is responsible for overseeing the strategic implementation of priorities and objectives as agreed by the Lord Chamberlain's Committee. While it does not manage day-to-day operations, the Committee provides strategic oversight of key operational functions to ensure alignment with the organisation's long-term goals. Its objectives are to lead the implementation of priorities and plans across The Royal Household, ensure performance is effectively monitored, and that plans are suitably future focussed. The committee ensures the right structures, culture, capabilities and infrastructure is in place to deliver current objectives 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.
- Supporting the effective management and use of the Sovereign Grant by overseeing the Sovereign Grant business planning and budgeting process, including reviewing operational plans, policies and procedures, making recommendations to the LCC for its approval. 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.
- 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 2025-26, and the Chair attends each Lord Chamberlain's Committee meeting to report proceedings. Similarly, the Chair is a member of the Risk Committee and attends meetings to ensure coordination and collaboration between the two committees.

The Risk Committee brings together individuals from the Royal Household who are accountable for key risk areas, together with subject matter experts. The Committee advises the Lord Chamberlain's Committee and Audit Risk and Assurance Committee in its oversight of the effectiveness of the Royal Household's Enterprise Risk Management Framework described further in the Risk Management section, page 70. It assists 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

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of the management and control of such risks. It supports Risk Owners and Strategic Oversight Leads to identify, assess and manage risks across the whole risk landscape, ensuring achievement of the Royal Household's aims and objectives.

The activities of the Risk Committee further include:

- Reviewing the Lord Chamberlain's Committee Top-level Risk Register at each meeting. On a rolling basis, it reviews and challenges 'deep-dive' presentations from Risk Owners before they are presented to the Lord Chamberlain's Committee.
- Reviewing and challenging Department risk registers to ensure the nature and extent of the risks reported and the assessed likelihood and impact reflect strategic priorities, and ensuring the effective and timely implementation of corrective actions to address risk management deficiencies.
- Horizon-scanning of the risk landscape to identify and assess new and emerging risks. Advising the Lord Chamberlain's Committee on the extent to which an appropriate risk culture is embedded at all levels, supporting a culture that emphasises and demonstrates the benefits of a pro-active approach to risk management.
- 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 effective first and second lines of defence to support The Royal Household's overall Risk Management strategy.
- Assessing the need for risk registers for large projects and events so that they are underpinned by appropriate risk management processes and procedures.

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 8 times during 2025-26, compared with 11 times in 2024-25, which reflects the adoption of a bi-monthly meeting cycle during the year.

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.

The secretaries to the Operations, Risk and Lord Chamberlain's Committees meet periodically to align agendas.

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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 2025-26.

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 2025-26.

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 in respect of risk management, 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 organisation's risk management approach, 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 effectiveness, planning delivery and findings of both internal and external audit and the adequacy of management responses to any issues identified through audit activity.
- Anti-fraud policies and whistleblowing processes.
- Emerging and developing risks and issues affecting the organisation, arising from changes in the internal and external environment, and their implications for risk, control and governance.

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 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 2025-26 include:

- Oversight of the transition from an in-house Internal Audit function to an outsourced delivery model provided by BDO LLP (as noted on page 35).
- Review of reports from internal and external auditors and management, agreement of audit plans and monitoring management's responsiveness to internal and external audit findings and the recommendations of other external bodies where relevant.

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- Review of the Royal Household’s risk management and assurance processes, the Household’s Department risk profile and Lord Chamberlain’s Committee risk profile (see section on Enterprise Risk Management on page 70).
- Oversight of significant non-Reservicing property projects, including the results of reviews of the condition of the estate.
- 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. Cyber security, Buckingham Palace Reservicing Programme, property maintenance management, sustainability, Fire, Health and Safety).
- Oversight of the Royal Household’s Sustainability Programme’s related risk, disclosures and compliance, ensuring sufficient external assurance is in place.
- 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 2026-27 Budget.
- Consideration of a proposal for the Household to align with the Corporate Governance Code for Central Government Departments and Arm’s Length Bodies, in place of the UK Corporate Governance Code (UK CGC). The ARAC was supportive of this proposal, noting that consideration should be given to any elements which do not apply, or areas where additional governance arrangements or assurance may be appropriate (see also page 80). The ARAC will closely monitor this transition over the 2026-27 period.

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. During the reporting period, the Committee welcomed two new members, Ms Claire Lund and Mr Phil Tenney. One member, Ms Jacky Wright, retired from the Committee having completed two terms.

Audit & Risk Assurance Committee	Meetings attended
Ms Sharmila Nebhrajani (Chair)	3/3
Mr Malcolm Reading	3/3
Ms Jacky Wright (until June 2025)	1/1
Mr Stephen Oxley	3/3
Ms Claire Lund (from November 2025)	2/2
Mr Phil Tenney (from November 2025)	2/2

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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 86).

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. As of January 2026, the role of Head of Internal Audit is provided on an outsourced basis by BDO LLP.

Specialist risk managers in the Royal Household include the Finance Director, 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 Security, Privacy 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.

GOVERNANCE ACTIVITIES DURING THE YEAR

A programme of internal audit work for the twelve-month period beginning 1 April 2025 was agreed by the Audit and Risk Assurance Committee at its meeting held on 24 March 2025. During 2025-26, the Internal Audit function transitioned from an in-house delivery model to an outsourced arrangement.

The internal audit programme for the year was delivered on a phased basis, with the in-house team responsible for audits in the first half of the year and BDO LLP delivering the programme in the second half.⁴⁴

Appropriate handover arrangements were implemented to ensure continuity of assurance and minimise disruption to delivery.

The Audit and Risk Assurance Committee reviews internal audit reports at each meeting. At the meetings held in November 2025 and March 2026, 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 Accounts Payable, Safeguarding, Whistleblowing, Fire Safety (Buckingham Palace and Windsor), Property Procurement, Security Operations Centre, Cyber Security Supplier Assurance, Sustainability, and Artificial Intelligence.

The Head of Internal Audit's annual audit opinion on the overall adequacy and effectiveness of the risk management, control and governance processes is "Generally satisfactory with improvements required in some areas", defined as: "The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk

⁴⁴ This is as a result of the decision to outsource the function, which commenced during the year, as outlined on page 35.

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management, control and governance arrangements. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements". This annual opinion is for the full financial year ended 31 March 2026, covering both the period of in-house delivery and by BDO.

Where weaknesses were reported, plans are in place for remediation and progress is closely monitored. Internal audit actions are followed up prior to each Audit and Risk Assurance Committee, to advise on the status of implementation.

Matters considered by the Audit and Risk Assurance Committee to be significant to the 2025-26 financial statements included Digital Services risks, with a focus on the management of cyber and information risks; procurement policies and operations; fire safety risks, property maintenance, 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 from within the organisation and be brought to the attention of Human Resources, Security Liaison, and the Audit and Risk Assurance Committee.

An internal audit on Whistleblowing was conducted in the 2025-26 year and confirmed that the Royal Household operates an effective whistleblowing framework, including robust investigation procedures.

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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. 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 June 2026, 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.

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RISK MANAGEMENT

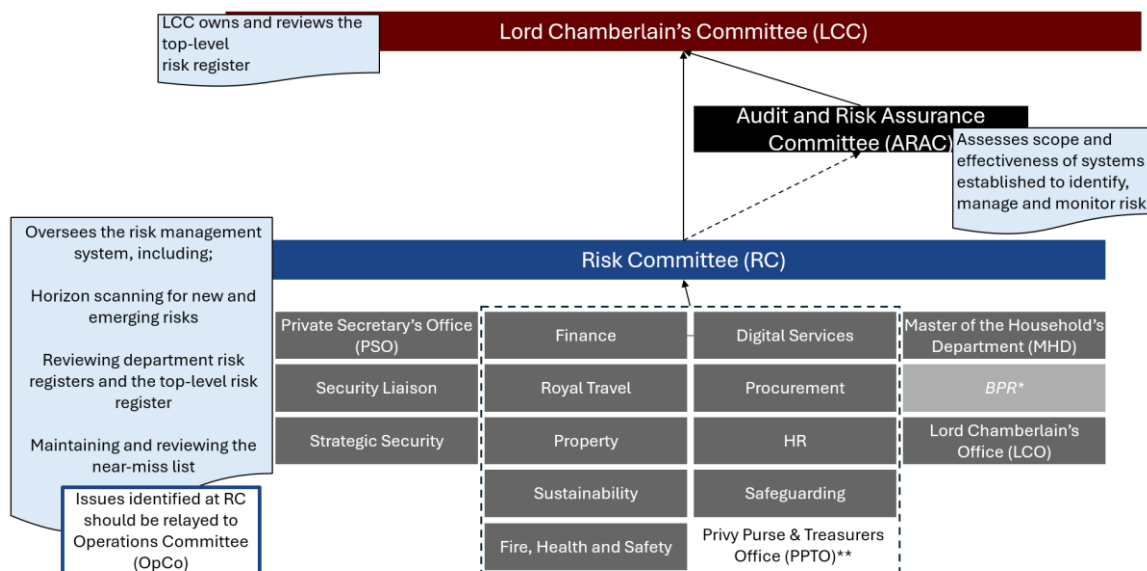
Introduction

During 2025-26, the Risk Committee has continued to oversee the embedding and enhancement of the Enterprise Risk Management (ERM) Framework, which was introduced in 2023. This ongoing work has continued to strengthen the maturity of the organisation’s approach to the identification, assessment, management and monitoring of risks. Following a self-effectiveness review completed in 2025, the Committee refined its ways of working to reflect this enhanced maturity, including adopting a more focused and proportionate approach to its meeting schedule.

Risk Governance

As outlined in the Supporting Committees section on page 62 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 an 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. The Lord Chamberlain’s Committee reviews the top-level risk register at every meeting.

Responsibility for the effective management of risks on the top-level risk register is split between:

- A Strategic Oversight Lead who acts as senior sponsor for the risk, ensuring its importance is recognised at the Lord Chamberlain’s Committee and that it receives appropriate attention, resources, and strategic focus in line with its status as a top-level risk, and who has ultimate accountability for the risk to the Lord Chamberlain’s Committee; and

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- A Risk Owner, who is the single point of accountability for the effective management of the risk. Risk Owners have direct responsibility for defining and implementing appropriate risk controls and mitigation plans. They are typically members of the Risk or Operations Committees and are subject matter experts.

Risk Owners present deep-dive presentations to the Lord Chamberlain's Committee on an annual basis.

As well as regularly reviewing, updating and challenging the top-level risk register prior to its review at the Lord Chamberlain's Committee, 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 an annual basis as well as identifying emerging risk areas which warrant focus.

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.

Other risk management activities during the year included the following:

- Continued to develop and embed the new Enterprise Risk Management (ERM) System.
- Established forums and regular communications to better support the network of trained Risk Champions and enable further cross-department collaboration on identifying and managing risks.
- Held focused risk discussions and invited internal and external subject-matter experts to brief on specific risk areas, including cyber crisis management, business continuity, and the care of the Royal Collection. Regularly debated, discussed and constructively challenged emerging risks and horizon scanning, demonstrating increasing organisational maturity and agility in responding to rapidly evolving situations. Provided oversight of the assessment of climate related risk and opportunities as part of the TCFD reporting, identifying, assessing and reporting on climate risk.

Strengthened crisis management and business continuity capabilities, with further refinement and maturity planned over the coming period. The Audit and Risk Assurance Committee reviews key changes to the ERM system, the Lord Chamberlain's Committee top-level risk register, reports on the management of new and emerging risks, and the Royal Household's internal control systems and has reported its findings to Lord Chamberlain's Committee as set out on pages 65 to 66.

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Risk management process

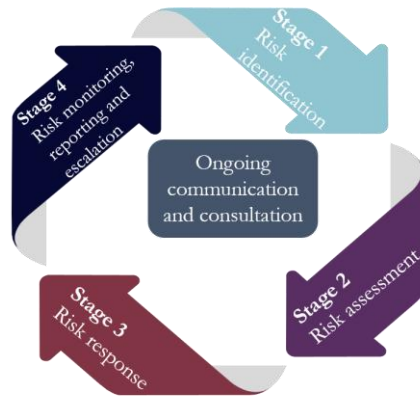
The ERM process, shown below, supports a consistent and robust identification and management of Risk across the Royal Household.

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

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.

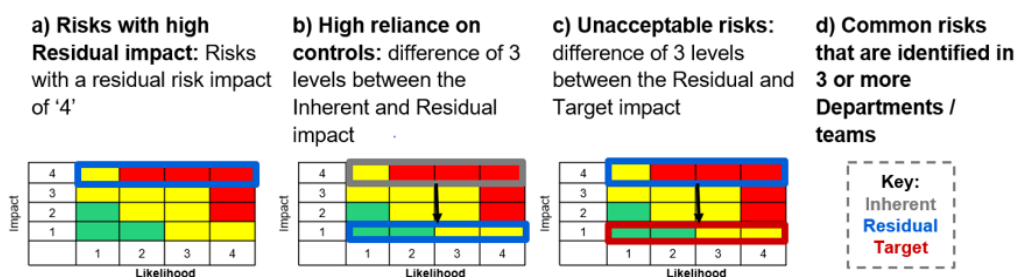
The impact of a risk is established by considering its potential effects on the achievement of the Royal Household's objectives. All risks are assessed against a range of categories of impact, with the highest potential impact across all categories determining the risk impact rating.

The likelihood of a risk occurring is determined by estimating the probability of the risk materialising within a period of 5 years. The exception to this is in respect of some climate related risks, which can be longer term, as outlined in the Sustainability report on page 38.

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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 a summary report which is presented by the Deputy Treasurer to The King to 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.

Compliance with The Orange Book - Management of Risk

The Royal Household has complied with the five principles (A-E) set out in HM Treasury's Orange Book: Management of Risk (2023). Risk management is embedded across the Royal Household's governance and business planning processes, with clear accountability, and structured reporting.

Risk is considered at all levels of the organisation, supported by established mechanisms for the timely identification, assessment and escalation of risks, and informed by high-quality information and appropriate challenge.

The Royal Household is committed to continually improving its risk management framework and has made further enhancements during the 2025-26 financial year. A key area of focus over the coming year will be to refine and embed the organisation's approach to risk appetite.

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Principal risks


Pages 74 to 78 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 2026.

The directional arrows at the end of each risk description indicate how the Household perceives the change in residual risk likelihood from April 2025 to March 2026. 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 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>Strong financial controls and oversight are maintained, including regular monitoring and scrutiny of expenditure, hence this risk has remained low.</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 page 58. • 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 Resourcing Programme receives monthly scrutiny of Programme Finances by Finance Review Group (FRG) and Commercial Review Group (CRG).
<p>Cyber 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 governance/maintenance, and embedding of a positive cyber security</p>	<ul style="list-style-type: none"> • Cyber Security Resilience Strategy covering the period October 2024 - December 2027 was approved by the Lord Chamberlain's Committee in 2024. • Ongoing compliance with Cyber Essentials. • Assessment against the NCSC Cyber Assessment Framework (CAF) every two years.

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Risk description	Key controls and activities to manage risk
<p>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.</p> <p>While the Royal Household’s cyber security capability has continued to mature over the year, the rapidly evolving external threat landscape means the overall level of risk remains high.</p> <p>Risk rating: High</p> <p>Change: </p>	<ul style="list-style-type: none"> ● Established Security Operations Centre (SOC) operating on a 24x7 basis. ● Regular penetration testing of applications, networks and systems. ● Training in cyber security and data protection is carried out on induction and annually thereafter. Additional targeted training and cyber security briefing sessions are delivered as and when required. ● Periodic awareness campaigns and phishing simulations. ● Established Data Owners and Data Stewards network.
<p>Travel Safety</p> <p>Travel operations and processes that do not comply with the Safety Management System could result in serious injury or death of a member of the Royal Family, a staff member or a member of the public leading to significant reputational damage, fines and/or prosecutions, financial loss and Government and/or regulatory investigations.</p> <p>Robust, well-established controls remain in place, as evidenced through sources of assurance, hence the likelihood of this risk remains low.</p> <p>Risk rating: Low</p> <p>Change: </p>	<ul style="list-style-type: none"> ● Annual review of the Royal Travel Safety Management System by the Aviation Safety Review Board, chaired by the Accountable Manager. Includes review of compliance. ● The King’s Helicopter Flight Risk Board established to support the Royal Travel Safety Review Board in triaging, assessing and managing risks. ● 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, including an audit completed within the 2025-26 period. ● Network Rail audit of the Royal Train, and a decommissioning working group established. ● New helicopter fleet resulting in upgraded safety features and rigorous training of pilots on the new aircraft.
<p>Fire</p> <p>Outdated and unsupported fire systems, or ineffective procedures could lead to an uncontrollable fire at a Royal Residence (in particular Buckingham</p>	<ul style="list-style-type: none"> ● Fire Safety Policy & Procedures communicated to all staff and contractors. ● Comprehensive Fire Alarm System across the estate which is supported by full time Fire


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Risk description

Palace due to the current Reservicing Programme) that may result in harm to individuals, damage to property, financial and asset loss and organisational disruption.

While a programme of works is underway to upgrade fire systems and strengthen procedures, the scale and complexity of the historic estate mean this is a long-term activity; as a result, the level of risk remains high.

Risk rating: High

Change: 

Key controls and activities to manage risk

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 local fire brigades and resulting actions implemented.
- 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, subject to approval.
- Central Health and Safety Committee terms of reference and membership updated to place greater emphasis on oversight of Fire Safety. The Committee is now known as the Central Fire, Health and Safety Committee.

Sustainability

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.

The Household's progress in this area is outlined in the Sustainability Report (page 38).

Risk rating: Medium

Change: 



- 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.
- Climate change risk assessment covering both physical and transition risks to support the Royal Household in managing climate-related risk. Phase 3 Task Force on Climate-related Financial Disclosures (TCFD) scenario analysis work complete.
- Feasibility studies planned in order to establish funding required and detailed as part of a Clean Energy Business Case submitted to HMT.

Embedding Household Values and Organisational Culture

Insufficient leadership role modelling of an inclusive culture and embedding of 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 the Royal Household's ability to recruit and retain quality staff with

- 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.
- Organisational values embedded in performance management processes and in peer-to-peer recognition scheme.

ACCOUNTABILITY REPORT

Risk description	Key controls and activities to manage risk
<p>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> <p>While inclusion and diversity remain a continued priority for the Royal Household, with key steps taken during the year including the refresh of the Inclusion and Diversity Strategy, continued focus is required in this area, as outlined on page 37.</p> <p>Risk rating: Medium</p> <p>Change: </p>	<ul style="list-style-type: none"> • 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, with results reviewed and resulting actions agreed at the Lord Chamberlain’s Committee. • Inclusive Leadership development programme for 150 leaders and managers. • Training and other resources available for all staff, including new programmes such as Valuing Feedback and ‘on-demand’ training available.
<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: </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 Delegation of Financial Authority Policy. <p>Over the course of 2025-26 the Household has worked with specialist external consultants to:</p> <ul style="list-style-type: none"> • Assess spend and impact over the current Sovereign Grant period, including benchmarking against good practice in other similar organisations, to demonstrate where value for money has been achieved. • Articulate the key priorities for the next Sovereign Grant term to key internal and external stakeholder groups, and identify activity and cost required to deliver these outcomes. • Continue to demonstrate that the Royal Household has delivered value for money over the current Sovereign Grant term.
<p>Insufficient resilience planning and organisational awareness</p> <p>Insufficient resilience planning and organisational awareness, including business continuity arrangements, may result in an inability to sustain the Household’s most essential operations</p>	<ul style="list-style-type: none"> • Comprehensive review and refresh of Crisis Management and Emergency Management arrangements completed in 2025-26, including full revision of plans and associated governance arrangements. Work to refine and embed these plans will continue in 2026-27.

ACCOUNTABILITY REPORT

Risk description

during a significant disruptive event, or to respond and adapt effectively to emerging challenges. This could lead to prolonged operational disruption, an inability to support The King in fulfilling his constitutional duties, financial loss, and a loss of confidence among staff, the public and the Members of the Royal Family.

Risk rating: Medium

Change: N/A - New risk

Key controls and activities to manage risk

- Recruitment of a dedicated resource to support the development, implementation and embedding of a refreshed Business Continuity Management System (BCMS). Initial development commenced in 2025-26, with continuation through 2026-27, prioritising resilience around an agreed Minimum Viable Organisation.
- Briefings and scenario-based exercises undertaken to familiarise key personnel with roles and responsibilities under core Crisis and Emergency management plans.
- Mechanisms established for rapid activation of crisis management groups, including contingency arrangements for communication with key personnel in the event of disruption to primary communication channels.

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”),⁴⁵ 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.⁴⁶
- 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 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

⁴⁵ The Code is publicly available on the Financial Reporting Council (FRC) website, frc.org.uk

⁴⁶ 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/614447/cgc-2017.pdf)

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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 was completed in June 2025, following an informal review of the Committee's effectiveness in late 2024-25. A facilitated Board Effectiveness review is planned for early in 2026-27.
- 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.

Although the Royal Household has historically reported its compliance against the UK Corporate Governance Code, it intends during 2026-27 to align its reporting with the Corporate Governance Code for Central Government Departments (2017), which is considered more appropriate to the size and operating environment of the Household, including its alignment with the role of an Accounting Officer and its emphasis on value for money.

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 Resourcing 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 four inward and two 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
17 June 2026

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 2026</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 <i>Full time equivalent salary</i>	125-130	-	-	125-130 <i>210-215</i>	19	145-150
The Rt. Hon. Sir Clive Alderton	240-245	0-5	-	240-245	57	300-305
James Chalmers (from 1 January 2025) <i>Full time equivalent salary</i>	125-130	-	-	125-130 <i>210-215</i>	19	145-150
Vice Admiral Sir Tony Johnstone-Burt*	175-180	5-10	-	180-185	28	210-215
Edwyn Launders (from 1 August 2025) <i>Full year equivalent salary</i>	75-80	-	-	75-80 <i>110-115</i>	11	85-90
Lt Col. Michael Vernon (to 31 August 2025) <i>Full year equivalent salary</i>	45-50	-	10-15	55-60 <i>115-120</i>	7	65-70
Ms Sophie Densham	115-120	-	-	115-120	18	135-140

* Contribution received as cash in lieu of pension.

ACCOUNTABILITY REPORT

<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 Rt. Hon. Sir Clive Alderton	230-235	-	-	230-235	54	285-290
James Chalmers (from 1 January 2025)	30-35	-	-	30-35	5	35-40
<i>Full year, full time equivalent salary</i>				210-215		
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

* Contribution received as cash in lieu of pension.

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 noted.

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 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.

ACCOUNTABILITY REPORT

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 2025-26 and 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.

Michael Vernon's salary included payments in lieu of annual leave in the year 2025-26.

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 (2025-26: £5,000-£10,000; 2024-25: £5,000-£10,000).

Ms Carol Hui is a non-executive member of the Lord Chamberlain's Committee and is remunerated for attendance at meetings (2025-26: £5,000-£10,000; 2024-25: £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 2025-26 was £240,000-£245,000 (2024-25: £230,000-£235,000). 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 2025-26 or 2024-25.

	Lower quartile		Median		Upper quartile	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Total remuneration	30,000	28,810	36,000	34,766	50,305	47,488
Pay ratio	8.1	8.1	6.7	6.7	4.8	4.9

ACCOUNTABILITY REPORT

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.

In 2025-26 no member of staff received remuneration in excess of the highest paid Lord Chamberlain's Committee member.

Remuneration (FTE) ranged from £24,570 to £240,000-£245,000 (2024-25: £23,474 to £230,000-£235,000).

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

<i>As at 31 March (audited)</i>	2026	2025
Sovereign Grant remuneration increase/(decrease) from previous financial year:		
Highest paid LCC member	5.0%	1.3%
Average of all staff, excluding the highest paid LCC member (FTE)	3.0%	6.4%

In 2024-25, the highest paid LCC member changed; therefore 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 2025.

STAFF REPORT

The Royal Household's employment policies and practices support the delivery of its purpose and objectives, and while ensuring compliance and reflective of best practice, they also underpin organisational culture and values.

The Household aims to have a learning culture. Employees are encouraged to develop new skills and to grow and progress their careers. Over the past year there have been 24 apprentices with 8 new starters for this period, these have been across a range of skill areas and functions, including procurement, project management, hospitality, electrical services and operations management.

Professional sponsorships offered have included qualifications in project management, finance, facilities management, HR, Health and Safety and hospitality.

In terms of core training and upskilling, the Household offers a range of in-person and online learning to support performance, personal effectiveness and career progression, including structured pathways for management and leadership development. During 2025-26, new learning was introduced to strengthen digital capability and environmental sustainability skills in support of organisational objectives.

ACCOUNTABILITY REPORT

Employee engagement, celebrating individual and collective success, collaboration and learning are all facilitated by the Royal Household intranet and internal communications. Focus groups, consultation sessions and pulse surveys also encourage feedback and ideas to be contributed. In 2025 a Household wide employee engagement survey with a focus on Learning and Development provided valuable feedback to inform plans for 2026-27. A culture of inclusivity, feedback and recognition is developing, with informal and formal recognition schemes, alongside more interactive communications made possible by the intranet. This year, the peer-to-peer recognition scheme was redesigned to align more closely with Household values and sustainability commitments. By linking recognition milestones to environmental action, the initiative led to the planting of 500 native trees, creating a lasting “forest of thanks”.

Staff numbers and costs (audited)

Analysis of Staff costs can be found in Note 4 on page 125.

<i>Year to 31 March</i>	2026	2025	2026	2025	2026	2025
	Permanent		Fixed term contract		Total	
Average number of Full Time Equivalent (FTE) staff paid from the Sovereign Grant ¹	536	511	27	28	563	539
					2026	2025
					£'m	£'m
Cost of FTE staff					33.7	30.0
External consultancy spend					2.1	1.7
Agency staff costs (mostly related to Reservicing Programme)					1.6	2.6

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, length of hiring gaps, 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

Further details on the increase in external consultancy spend can be found in Financial Review on 13.

Staff numbers and costs (unaudited)

Payroll costs have increased in 2025-26 as reduction in vacancies as staff turnover has slowed and a small number of new roles were approved to enable the prioritisation of key areas of activity, such as property services, sustainability and procurement.

The average number of days of employee absence due to sickness in 2025-26 was 4.5 (2024-25: 3.4).

Staff turnover in during 2025-26 was 8.6% (2024-25: 11.3%).

Exit packages (audited)

There were four exit packages for agreed departures in the year (2024-25: 1) 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
	2025-26 (2024-25)	2025-26 (2024-25)	2025-26 (2024-25)
< £10,000	- (-)	1 (-)	1 (-)
£10,001 to £25,000	1 (-)	- (1)	1 (1)
£25,001 to £50,000	2 (-)	- (-)	2 (-)
Total no. of exit packages	3 (-)	1 (1)	4 (1)
Expenditure on exit packages (£'000)			109 (18)

ACCOUNTABILITY REPORT

Staff gender composition (unaudited)

For all staff paid for in whole or in part by the Sovereign Grant.⁴⁸

<i>As at 31 March</i>	2026	2025	2026	2025	2026	2025
	Men		Women		Total	
Equivalent to Senior Civil Service grades, including members of the Lord Chamberlain's Committee	24	24	14	13	38	37
	63%	65%	37%	35%	100%	100%
Other grades	276	265	342	320	618	585
	45%	45%	55%	55%	100%	100%
Total number of FTE staff	300	289	356	333	656	622
	46%	46%	54%	54%	100%	100%

For all members of the Committee, including those not paid by the Sovereign Grant.

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	7	4	4	11	11
	64%	64%	36%	36%	100%	100%
Membership of the Risk Committee	6	7	7	6	13	13
	46%	54%	54%	46%	100%	100%
Membership of the Audit & Risk Assurance Committee	3	2	2	2	5	4
	60%	50%	40%	50%	100%	100%

The mean gender pay gap for the King's Household (excluding staff employed by Royal Collection Enterprises Limited) at 5 April 2025 was 4.29% (5 April 2024: 2.23%). The mean national gender pay gap in 2024 was 12.8%.

⁴⁸ Staff numbers represent the Full Time Equivalent (FTE) staff receiving pay from the Sovereign Grant on the 31 March 2026. This metric does not represent the total number of individuals employed (headcount) or the total number of roles (establishment).

ACCOUNTABILITY REPORT

Proportion of ethnic minority employees (*unaudited*)

Under the revised Inclusion and Diversity strategy, time-bound representation targets have been replaced with long-term ambitions aligned with UK census representation, supported by inclusion indicators to emphasise meaningful and sustainable progress. Please refer to the section on Inclusion in the Performance Analysis on page 37 for more information the actions taken due to falling short of ambitions in this area.

<i>As at 31 March</i>	2026	2025
Overall		
including NED members of the Lord Chamberlain's Committee <i>Ambition 18%</i>	11.9%	12.1%
Senior Roles		
including NED members of the Lord Chamberlain's Committee	8.3%	11.6%

The mean ethnic minority pay gap for the Royal Household at 5 April 2025 was 0.85% (5 April 2024: 0.48%).⁴⁹ Reporting of ethnic minority pay gap is not yet mandatory, and as such no national mean is available.

James Chalmers
Keeper of the Privy Purse
17 June 2026

⁴⁹ Historically, the mean ethnic minority pay gap has been calculated including staff funded by the Royal Collection. For 2025-26 this has been updated to be calculated excluding Royal Collection Enterprises Limited. This is the same basis as legally required for the calculation of the mean gender pay gap and therefore makes these two measures comparable. The mean ethnic minority pay gap including Royal Collection Trust was 5.85% at 5 April 2025 (3.9% at 5 April 2024).

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
17 June 2026

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 2026 under the Sovereign Grant Act 2011. The financial statements comprise the:

- Statement of Financial Position as at 31 March 2026;
- Statement of Income and Expenditure; Statement of Comprehensive Income and Expenditure, Statement of Cash Flows and Statement of Changes in Reserves for the year then ended;
- Royal Trustees' statement in respect of the Sovereign Grant Reserve presented under Section 4 of the Sovereign Grant Act 2011; and
- related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Royal Household's affairs as at 31 March 2026 and total net expenditure for the year then ended; and
- 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	<ul style="list-style-type: none">• The Sovereign Grant Act 2011
HM Treasury and related authorities	<ul style="list-style-type: none">• 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.

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.

My responsibilities and the responsibilities of the Keeper of the Privy Purse with respect to going concern are described in the relevant sections of this certificate.

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

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 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 65 to 66.

In this year's report the key audit matter relating to the accounting for new lease has been removed. While a second helicopter under the same contract was recognised in 2025-26 the accounting treatment of these items under IFRS 16 was agreed in 2024-25 and therefore the audit effort required in the current year was substantially lower. There were no other changes to the risks identified.

Accounting for the Reservicing programme

Description of risk

The Buckingham Palace Reservicing Programme commenced in 2017 and involves a combination of essential works to update and modernise 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 minimum 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 via the Sovereign Grant, to a total budget of £369 million across the 10-year life of the programme.

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

The amount of Sovereign Grant allocated to Reservicing during 2025-26 was £60 million (£34.5 million in 2024-25). As at 31 March 2026, a net total of £314.1m 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 managerial judgement in assessing the estimated stage of completion of works.

I have inspected the design and implementation of the Royal Household's controls to manage spend relating to the Reservicing programme. I have undertaken operating effectiveness testing of these controls and I am satisfied that controls over the classification and cut-off of expenditure and the valuation of accruals at 31 March 2026 are operating effectively, and I have relied upon them to gain my assurance.

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

How the scope of my audit responded to the risk

I have substantively tested a sample 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 undertaken testing of a sample of accruals to confirm these are appropriate and supported by evidence, gaining assurance over the cut off, valuation and accuracy of the reservicing accruals at 31 March 2026.

Key observations

I have obtained sufficient assurance over the Reservicing programme through the controls and substantive testing I have performed. I did not identify any significant misstatements or control failures within the Reservicing programme spend in year as a result of my work.

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

Royal Household Group Pension Scheme

Description of risk

The Sovereign Grant has a £1.7 million net pension asset (£0.9 million net asset in 2024-25) in relation to its participation in the Royal Households Group Pension Scheme at 31 March 2026. This is comprised of gross pension assets of £25.4 million (£24.7 million in 2024-25) and a scheme liability of £23.7 million (£23.8 million in 2024-25).

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 there was a significant risk of material misstatement in respect of the pension obligation estimate. This is due to 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.

In addition, the value of pension assets is highly material, and there is a risk of misstatement if the Sovereign Grant does not have sufficient rights to net assets.

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.

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

I have also assessed the procedures 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 engaged external pensions experts to support my review of the selection and application of the methods used and to challenge the appropriateness of assumptions adopted by management to confirm that this estimate is reasonable and has been adequately disclosed within the financial statements.

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

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

Key observations

I did not identify any errors within my testing of the Royal Household Group Pension Scheme. I have obtained sufficient assurance over this area through the substantive testing I have performed, and I am content that the disclosures made, including in relation to estimation uncertainty, are appropriate and in line with the financial reporting framework.

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

Financial and Capital Commitments

Description of risk

The Sovereign Grant financial statements disclose material capital commitments and financial commitments in respect of the Buckingham Palace Reserving Programme (2025-26: £52.6 million; 2024-25: £84.2 million) and Core Sovereign Grant activities (2025-26: £54.4 million; 2024-25: £72.9 million). There is public interest in the future activities of the Royal Household and in turn the reported commitments figure which are highly material. I considered there was a significant risk that the disclosed commitments are inaccurate, do not represent valid commitments at the period end or are incomplete.

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 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.

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APPLICATION OF MATERIALITY

MATERIALITY

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

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

	Sovereign Grant and Sovereign Grant Reserve
Materiality	£1,300,000
Basis for determining materiality	1% of the 2025-26 Sovereign Grant funding of £132.1 million (2024-25: 1% of the 2024-25 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 financial 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 2025-26 audit (2024-25: 70%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

OTHER MATERIALITY CONSIDERATIONS

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

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

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 £13,000, 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 increased net assets by £386,000.

AUDIT SCOPE

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Keeper of the Privy Purse 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 information given in the Performance Report, Accountability Report, and the Appendices to the Financial Statements 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.

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

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, Accountability Report and the Appendices to the Financial Statements.

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 Directors' 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 57;
- 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 57;
- The Keeper of the Privy Purse's statement on fair, balanced and understandable set out on page 93;
- 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 page 59;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 70-78; and
- The section describing the work of the Audit and Risk Assurance Committee set out on pages 65-66.

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

RESPONSIBILITIES OF THE KEEPER OF THE PRIVY PURSE 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 Government Resources and Accounts Act 2000; 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Sovereign Grant and Sovereign Grant Reserve's accounting policies;
- inquired of management, the Heads 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 the Sovereign Grant and Sovereign Grant Reserve's 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, Internal Audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the 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

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

laws and regulations I considered in this context included the Sovereign Grant Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

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

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, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Lord Chamberlain's Committee and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias, including the defined benefit pensions liability and accruals for Buckingham Palace Reservicing and the Annual Works Programme; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I addressed the risk of fraud in revenue recognition through verification that recharged income and the Facilities Management Charge has been calculated appropriately to address the risk of error and management bias within both these areas; and
- I confirmed that the Sovereign Grant accounted for in 2025-26 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.

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.

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

REPORT

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

22 June 2026

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND EXPENDITURE

<i>Year to 31 March</i>		Core	Reservicing	2026	2025
	Note	£m	£m	£m	£m
Funding receivable¹:					
Grant		72.1	60.0	132.1	86.3
Income					
Property rental income		3.9	-	3.9	4.0
Facilities management charges		11.0	-	11.0	10.5
Recharges and other income		6.3	0.1	6.4	7.0
		21.2	0.1	21.3	21.5
Expenditure					
Payroll costs	4	(31.7)	(2.0)	(33.7)	(29.9)
Other staff costs	4	(2.3)	(1.0)	(3.3)	(4.1)
Property maintenance		(28.2)	(39.3)	(67.5)	(41.2)
Travel		(5.1)	-	(5.1)	(4.7)
Utilities		(5.1)	-	(5.1)	(6.0)
Housekeeping and hospitality		(3.5)	-	(3.5)	(3.2)
Digital services		(4.9)	(0.2)	(5.1)	(4.5)
Depreciation & amortisation	6,7	(3.5)	(1.7)	(5.2)	(4.1)
Other expenditure	3	(8.5)	(1.4)	(9.9)	(8.9)
Operating expenditure		(92.8)	(45.6)	(138.4)	(106.6)
Total net operating expenditure		(71.6)	(45.5)	(117.1)	(85.1)
Profit on disposal of non-current asset		0.6	-	0.6	-
Finance expenditure	12	(0.7)	-	(0.7)	(0.1)
Total net expenditure		(71.7)	(45.5)	(117.2)	(85.2)
Sovereign Grant funding less net expenditure transferred to Sovereign Grant Reserve		0.4	14.5	14.9	1.1

¹ In accordance with the Accounts Direction issued by HM Treasury (See Appendix 4 page 154), 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 114 to 122. 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 108 to 113. The notes on pages 114 to 147 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	Reservicing	2026	2025
		£m	£m	£m	£m
Sovereign Grant funding less net expenditure after transfer of (deficit)/surplus (from)/to Sovereign Grant Reserve		-	-	-	-
Actuarial gain for the year (Royal Households Group Pension Scheme)	14	0.7	-	0.7	0.2
Total recognised gains relating to the year		0.7	-	0.7	0.2

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2026 £m	2025 £m
Non-current assets			
Property, plant and equipment	6	28.9	27.1
Right-of-use assets	7	17.2	9.8
Total non-current assets		46.1	36.9
Current assets			
Inventories and current assets	8	0.5	0.7
Trade and other receivables	9	6.2	5.5
Cash and cash equivalents	10	40.1	22.0
Total current assets		46.8	28.2
Total assets		92.9	65.1
Current liabilities			
Trade and other payables	11	(22.1)	(16.7)
Lease liabilities	12	(1.9)	(1.0)
Total current liabilities		(24.0)	(17.7)
Non-current liabilities			
Lease liabilities	12	(15.4)	(8.7)
Net assets excluding pension scheme asset		53.5	38.7
Defined benefit pension scheme asset	14	1.7	0.9
Net assets		55.2	39.6
Reserves			
Non-current assets reserve		29.9	28.0
Other retained reserve		2.4	2.4
Sovereign Grant reserve		21.2	8.3
Pension scheme reserve		1.7	0.9
Total reserves		55.2	39.6

James Chalmers
Keeper of the Privy Purse
17 June 2026

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

<i>Year to 31 March</i>		2026	2026	2025	2025
	Note	£m	£m	£m	£m
Reconciliation of net operating expenditure to funding					
Total net operating expenditure			(117.1)		(85.1)
Retirement benefits adjustment	14	(0.1)		(0.2)	
Depreciation and amortisation	6,7	5.2		4.1	
Decrease in inventories	8	0.2		0.3	
Increase in receivables	9	(0.7)		0.4	
Increase in payables	11	5.4		2.9	
Disposal of non-current assets	6,7	-		0.1	
Other non-cash adjustments		(0.1)		(0.3)	
			9.9		7.3
Net cash outflow from operating activities			(107.2)		(77.8)
Cash flows from investing activities					
Capital expenditure (Non-current assets)	6	(4.9)		(1.4)	
Proceeds from sale of non-current asset		0.7		-	
Net cash outflow from investing activities			(4.2)		(1.4)
Net cash outflow before funding			(111.4)		(79.2)
Cash flows from financing activities					
Grant funding received		132.0		86.3	
Payment of lease liabilities	12	(2.5)		(0.7)	
Net cash inflow from financing activities			129.5		85.6
Net increase in cash and cash equivalents	10		18.1		6.4
Reconciliation of cash and cash equivalents					
			2026		2025
			£m		£m
As at 1 April			22.0		15.6
Net increase			18.1		6.4
As at 31 March			40.1		22.0

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN RESERVES

	Non-current assets reserve	Other retained reserve	Sovereign Grant reserve	Pension scheme reserve	Total reserves
	£m	£m	£m	£m	£m
As at 31 March 2025	28.0	2.4	8.3	0.9	39.6
Actuarial gain on RH Group Pension Scheme	-	-	-	0.7	0.7
Sovereign Grant funding less net expenditure transferred to Sovereign Grant Reserve	-	-	14.9	-	14.9
Transfer (to)/from pension scheme reserve	-	-	(0.1)	0.1	-
Transfer from/(to) non-current assets reserve	1.9	-	(1.9)	-	-
As at 31 March 2026	29.9	2.4	21.2	1.7	55.2

	Non-current assets reserve	Other retained reserve	Sovereign Grant reserve	Pension scheme reserve	Total reserves
	£m	£m	£m	£m	£m
As at 1 April 2024	29.9	2.4	5.5	0.5	38.3
Actuarial loss on RH Group Pension Scheme	-	-	-	0.2	0.2
Sovereign Grant funding less net expenditure transferred from 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

FINANCIAL STATEMENTS

SOVEREIGN GRANT RESERVE

	Core	Reservicing	2026	2025
	£m	£m	£m	£m
Balance brought forward	6.3	2.0	8.3	5.5
Transfer to reserve	0.4	14.5	14.9	1.1
Transfer to pension scheme reserve	(0.1)	-	(0.1)	(0.2)
Transfer (to) / from non-current assets reserve	(0.1)	(1.8)	(1.9)	1.9
Balance carried forward	6.5	14.7	21.2	8.3

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 2026 is 18% of the audited net relevant expenditure for 2025-26 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
17 June 2026

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 4 (page 154) and the 2025-26 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 57 of the Annual Report.

b) Income

The Sovereign Grant – This is recognised annually 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 4 page 154), 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. The Grant is drawn down on a monthly basis over the course of the financial year. HM Treasury permit any Grant not drawn down within the financial year to be accounted for on a receivable basis.

The Sovereign Grant recognises revenue from customers in accordance with IFRS 15 Revenue from Contracts with Customers. The standard prescribes the point of recognition is based on when performance obligations of a contract are satisfied and the benefits are fully received by the customer. Applications of the standard on each Sovereign Grant income stream is detailed below.

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 in line with IFRS 15 Revenue from Contracts with

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Customers. 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 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 in line with IFRS Revenue from Contracts with Customers.

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 as per IFRS 15 Revenue from Contracts with Customers. 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 4: 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.

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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.

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 |

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Furnishings and Equipment

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

Plant and Machinery

- Electrical plant 10 years
- Information technology equipment 3 to 5 years
- Helicopter (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

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.

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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 Income and Expenditure .

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.

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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.

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 2026 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 £132.0 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.

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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.
- 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.

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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.

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 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 17: Insurance contracts came into effect in 2025-26. The Sovereign Grant has assessed that this standard has no impact on its operations/activities.

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 2026 were £0.7 million (2024-25: £0.7 million).

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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 2026 are £4.5 million (31 March 2025: £4.7 million).

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 note 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 and the Buckingham Palace Reservicing Programme (“BPR”). The departments are: Private Secretary’s Office (“PSO”), Privy Purse and Treasurer’s Office (“PPTO”), Master of the Household’s Department (“MOH”) and Lord Chamberlain’s Office (“LCO”). The operations of these four departments and the Buckingham Palace Reservice Programme are monitored by the Lord Chamberlain’s Committee which makes decisions as to the allocation of funds to each department’s activities.

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

<i>Year to 31 March 2026</i>	PSO	PPTO	MOH	LCO	BPR	Total
	£m	£m	£m	£m	£m	£m
Property rental income	-	3.9	-	-	-	3.9
Facilities management charges	-	11.0	-	-	-	11.0
Recharges and other income	0.4	4.1	1.5	0.3	0.1	6.4
Salaries and other staff costs (Note 4)	(6.2)	(14.6)	(8.9)	(4.3)	(3.0)	(37.0)
Property expenditure	-	(33.3)	-	-	(39.3)	(72.6)
Travel	-	(4.9)	-	(0.2)	-	(5.1)
Digital services	-	(4.9)	-	-	(0.2)	(5.1)
Depreciation (Notes 6,7)	-	(3.4)	-	(0.1)	(1.7)	(5.2)
Other	(2.1)	(5.1)	(3.8)	(1.0)	(1.4)	(13.4)
Profit on disposal of non-current asset	-	0.6	-	-	-	0.6
Finance expenditure	-	(0.7)	-	-	-	(0.7)
Total net expenditure	<u>(7.9)</u>	<u>(47.3)</u>	<u>(11.2)</u>	<u>(5.3)</u>	<u>(45.5)</u>	<u>(117.2)</u>

Property expenditure in both 2025-26 and 2024-25 includes utility spend, other costs include housekeeping and hospitality; these are shown separately on the Statement of Income and Expenditure.

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<i>Year to 31 March 2025</i>	PSO	PPTO	MOH	LCO	BPR	Total
	£m	£m	£m	£m	£m	£m
Property rental income	-	4.0	-	-	-	4.0
Facilities management charges	-	10.5	-	-	-	10.5
Recharges and other income	0.3	4.5	1.7	0.5	-	7.0
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)	(4.3)	(3.5)	(0.8)	(1.5)	(12.1)
Finance cost	-	(0.1)	-	-	-	(0.1)
Total net expenditure	(7.5)	(34.3)	(9.9)	(4.7)	(28.8)	(85.2)

3. Other Expenditure

	2026 Core £m	2026 BPR £m	2026 Total £m	2025 Total £m
Equipment purchase and hire	2.1	-	2.1	1.3
Insurance, legal advice and other professional services	4.4	0.2	4.6	3.9
Printing, postage and stationery	1.6	-	1.6	1.5
Decant/reinstatement costs	-	1.3	1.3	1.2
Other	0.3	-	0.3	1.0
	8.4	1.5	9.9	8.9

Auditors' remuneration of £155,250 was charged for the year by the National Audit Office (2024-25: £150,000). There were no non-audit fees paid to the auditors (2024-25: nil).

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4. Staff Costs

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	2026	2025
	£m	£m	£m	£m
Salaries	24.8	1.5	26.3	23.6
Temporary staff	0.2	0.1	0.3	0.3
National insurance	3.1	0.2	3.3	2.5
Pension costs	3.6	0.2	3.8	3.5
	31.7	2.0	33.7	29.9

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 84 - 85.

Other Staff Costs

	Core	BPR	2026	2025
	£m	£m	£m	£m
Agency staff	0.7	1.0	1.7	2.6
Other (including staff travel, training, recruitment)	1.6	0.0	1.6	1.5
	2.3	1.0	3.3	4.1

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.

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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 2025	34.3	3.3	22.2	1.1	60.9
Additions	-	-	1.0	3.9	4.9
Disposals	(0.1)	-	(3.2)	-	(3.3)
Transfers	-	-	0.4	(0.4)	-
As at 31 March 2026	<u>34.2</u>	<u>3.3</u>	<u>20.4</u>	<u>4.6</u>	<u>62.5</u>
Depreciation					
As at 1 April 2025	17.1	1.6	15.1	-	33.8
Charge for the year	1.4	0.2	1.5	-	3.1
Disposals	(0.1)	-	(3.2)	-	(3.3)
As at 31 March 2026	<u>18.4</u>	<u>1.8</u>	<u>13.4</u>	<u>-</u>	<u>33.6</u>
Net book value					
As at 31 March 2026	<u>15.8</u>	<u>1.5</u>	<u>7.0</u>	<u>4.6</u>	<u>28.9</u>
As at 1 April 2025	<u>17.2</u>	<u>1.7</u>	<u>7.1</u>	<u>1.1</u>	<u>27.1</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 £38,000 of capital accruals at 31 March 2026 (31 March 2025: £174,000).

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	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	34.3	3.3	22.2	1.1	60.9
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	17.1	1.6	15.1	-	33.8
Net book value					
As at 31 March 2025	17.2	1.7	7.1	1.1	27.1
As at 1 April 2024	18.5	1.8	8.5	0.3	29.1

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7. Right-of-use assets

Sovereign Grant lease contracts comprise of multiple vehicles, two helicopters and storage facilities for the Royal Train. The right-of-use net book value of vehicle leases (including helicopters) and a storage lease is £17.0m and £0.2m respectively (31 March 2025: £9.4m and £0.4m). The leases exceed no more than nine years commitment. Non-lease components of leases are charged to the Statement of Income and Expenditure.

	Total
	£m
Cost or valuation	
As at 1 April 2025	11.9
Additions – new leases	9.5
Revaluations	-
Disposals	(1.4)
As at 31 March 2026	<u><u>20.0</u></u>
Depreciation	
As at 1 April 2025	2.1
Charge for the year	2.1
Disposals	(1.4)
As at 31 March 2026	<u><u>2.8</u></u>
Net book value	
As at 31 March 2026	<u><u>17.2</u></u>
As at 1 April 2025	<u><u>9.8</u></u>

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	Total
	£m
Cost or valuation	
As at 1 April 2024	2.7
Additions – new leases	9.5
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

8. Inventories

As at 31 March	2026	2025
	£m	£m
Materials – Reservicing Programme	-	0.2
Wine and spirits	0.3	0.3
Other	0.2	0.2
	<u>0.5</u>	<u>0.7</u>

Other Inventories comprises stocks of official gifts and food.

9. Trade and Other Receivables

As at 31 March	2026	2025
	£m	£m
Recharges and other receivables	1.7	2.3
Prepayments	2.2	2.3
Accrued income	2.3	0.9
Total receivables	<u>6.2</u>	<u>5.5</u>

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In the year to 31 March 2025 prepayments included £115,000 relating to right-of-use-assets.

10. Cash and Cash Equivalents

As at 31 March	2026 £m	2025 £m
Government Banking Service	37.7	19.7
Commercial banks and cash in hand	2.4	2.3
	<u>40.1</u>	<u>22.0</u>

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

11. Current Liabilities: Trade and Other Payables

As at 31 March	2026 £m	2025 £m
Trade payables	7.2	3.9
Rent deposits	0.1	0.1
Taxes and social security	2.3	2.0
Other payables	2.8	2.1
Accruals and deferred income	9.7	8.6
	<u>22.1</u>	<u>16.7</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, two helicopters and storage facilities for the Royal Train.

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.

	2026	2025
	Total	Total
	£m	£m
Storage		
Less than one year	0.2	0.2
Between two and five years	-	0.2
Later than five years	-	-
Future finance charges	-	-
Present value of liabilities	<u>0.2</u>	<u>0.4</u>
Vehicles		
Less than one year	1.7	1.2
Between two and five years	7.9	4.5
Later than five years	9.1	5.5
Future finance charges	<u>(1.6)</u>	<u>(1.9)</u>
Present value of liabilities	<u>17.1</u>	<u>9.3</u>
Total Present Value of obligations		
Current	1.9	1.0
Non-current	<u>15.4</u>	<u>8.7</u>
	<u>17.3</u>	<u>9.7</u>

Liquidity risk is mitigated by monitoring cash requirements and holding sufficient amounts of cash to meet those requirements.

Amounts recognised in the Statement of Income and Expenditure

Short term leases expenditure and low value leases of £144,120 (2024-25: £126,560) are charged directly to the Statement of Income and expenditure.

Interest charges of £692,865 (2024-25: £56,346) were applied in year.

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Cash outflow for leases

	2026	2025
	Total	Total
	£m	£m
Total cash outflow for leases	2.5	0.7

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:

	2026	2025
	£m	£m
Within one year	2.0	2.4
Later than one year and not later than five years	0.9	2.3
	<u>2.9</u>	<u>4.7</u>

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13. Other Commitments

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

As at 31 March	Core £m	BPR £m	2026 £m	2025 £m
Other Staff costs – Agency cost contract				
• Committed	-	-	-	0.7
• Authorised	-	0.7	0.7	1.0
Property Maintenance				
• Committed	12.2	38.0	50.2	35.8
• Authorised	26.4	13.0	39.4	83.1
Capital				
• Committed	-	0.9	0.9	-
• Authorised	1.4	-	1.4	5.3
Transport service / maintenance contracts				
• Committed	14.4	-	14.4	31.2
• Authorised	-	-	-	-
	54.4	52.6	107.0	157.1

As at 31 March	Core £m	BPR £m	2026 £m	2025 £m
Within one year	32.0	48.7	80.7	83.7
Later than one year and not later than five years	22.4	3.9	26.3	62.1
Later than five years	-	-	-	11.3
	54.4	52.6	107.0	157.1

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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.

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 2025 were £74.6 million. The liabilities at 31 March 2026 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 17 of the 19 active members of the scheme as at 31 March 2026. 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 2025-26, employer's contributions of £0.2 million were payable to the scheme (2024-25: £0.2 million). For 2026-27, employer's contributions are expected to be £0.2 million.

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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.

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.

The final deficit contribution of £214,400 was paid in 2024-25 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.

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Assumptions used

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

Actuarial assumptions adopted as at 31 March (% pa)	2026	2025	2024	2023	2022
Discount rate for scheme liabilities	6.2	5.8	4.8	4.7	2.7
Rate of general long-term increase in salaries	4.0	4.0	4.0	4.1	3.8
Rate of price inflation (RPI)	3.3	3.1	3.1	3.3	3.5
Rate of price inflation (CPI)	2.7	2.5	2.5	2.6	2.8
Rate of increase to pensions in payment	3.1	2.9	2.9	3.1	3.3

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.

Main demographic assumptions adopted as at 31 March (years)	2026	2025	2024	2023	2022
Life expectancy for male currently aged 65	21.8	21.3	21.4	22.0	22.4
Life expectancy for female currently aged 65	23.7	23.4	23.9	24.4	24.7
Life expectancy at 65 for male currently aged 45	23.0	22.6	22.7	23.4	23.7
Life expectancy at 65 for female currently aged 45	25.1	24.9	25.3	25.8	26.1
Transfer take-up: nil for all ages					

Scheme assets are stated at their market values as at 31 March 2026.

Reconciliation of funded status to the statement of financial position

As at 31 March	2026	2025	2024	2023	2022
	£m	£m	£m	£m	£m
Fair value of scheme assets	25.4	24.7	27.1	27.5	38.3
Present value of funded defined benefit obligations	(23.7)	(23.8)	(26.6)	(27.0)	(37.0)
Net pension asset/(liability) recognised on the statement of financial position	1.7	0.9	0.5	0.5	1.3

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There is a net pension asset of £1.7 million as at 31 March 2026. 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.

Changes to the fair value of scheme assets during the year

As at 31 March	2026	2025
	£m	£m
Fair value of scheme assets as at the beginning of the year	24.7	27.1
Movement in year:		
Contributions by employer	0.1	0.3
Administration costs incurred	-	-
Net benefits paid out	(1.2)	(1.3)
	(1.1)	(1.0)
<i>Actual return on scheme assets:</i>		
Interest income on scheme assets	1.4	1.3
Re-measurement loss on scheme assets: return on scheme assets in excess of that recognised in net interest	0.4	(2.7)
	1.8	(1.4)
Fair value of scheme assets as at 31 March	25.4	24.7

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

As at 31 March	2026	2025
	£m	£m
Multi-asset funds	2.8	9.3
Fixed interest gilts	7.3	4.3
Index-linked gilts	13.2	7.8
Property funds	1.5	1.5
Cash and cash equivalents	0.6	1.8
	25.4	24.7

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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	2026	2025
	£m	£m
Defined benefit obligations at the beginning of the year	23.8	26.6
Movement in year:		
Current service cost	-	-
Administration cost	0.1	0.1
Interest cost	1.3	1.2
Benefits paid out	(1.2)	(1.3)
Actuarial (gains)/losses on scheme liabilities arising from:		
Changes in financial assumptions	(0.6)	(3.1)
Changes in demographic assumptions	0.2	(0.4)
Experience	0.1	0.7
Defined benefit obligations as at 31 March	<u>23.7</u>	<u>23.8</u>

Analysis of the defined benefit obligation by membership category

As at 31 March	2026	2025
	£m	£m
Current (“active deferred”) employee benefits	2.0	2.3
Deferred member benefits	6.7	6.8
Pensioner member benefits	15.0	14.7
Total defined benefit obligation	<u>23.7</u>	<u>23.8</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 12 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	2026	2025
	£m	£m
Asset/(Deficit) as at the beginning of the year	0.9	0.5
Movement in year:		
<i>Amounts (charged)/ credited against income and expenditure:</i>		
Contributions by employer	0.1	0.3
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	1.4	1.3
<i>Pension expense recognised in Statement of Income and Expenditure</i>	<u>0.1</u>	<u>0.2</u>
<i>Amounts (charged)/ credited against comprehensive income and expenditure:</i>		
Re-measurement gains on scheme assets: return on scheme assets in excess of that recognised in net interest	0.4	(2.7)
Actuarial gains/(losses) due to changes in financial assumptions	0.6	3.2
Actuarial (losses)/gains due to changes in demographic assumptions	(0.2)	0.4
Actuarial (losses)/gains due to liability experience	(0.1)	(0.7)
<i>Actuarial gains/(losses) recognised in Statement of Comprehensive Income and Expenditure</i>	<u>0.7</u>	<u>0.2</u>
Asset as at the end of the year	<u><u>1.7</u></u>	<u><u>0.9</u></u>

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History of experience gains and losses

	2026	2025	2024	2023	2022
	£m	£m	£m	£m	£m
Experience gains/(losses) on scheme assets	0.4	(2.7)	(1.0)	(11.2)	1.7
Experience gains/(losses) on scheme liabilities	(0.1)	(0.7)	(0.5)	(1.0)	(1.6)

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	-	25.4
Defined benefit obligations	1.5	(25.2)
Surplus	<u>(1.5)</u>	<u>0.2</u>

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

Assets	-	25.4
Defined benefit obligations	0.9	(24.6)
Surplus	<u>(0.9)</u>	<u>0.8</u>

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

Assets	-	25.4
Defined benefit obligations	1.0	(24.7)
Surplus	<u>(1.0)</u>	<u>0.7</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. No further deficit payments remain payable.

Year to 31 March	2027
	£m
Administration expenses	<u>0.1</u>
Total estimated pension expense	<u><u>0.1</u></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 2025-26, employer's contributions of £3.0 million were payable to the scheme (2024-25: £3.0 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>)	
	2026 £m	2025 £m	2026 £m	2025 £m
The Royal Collection Trust	16.2	16.0	(0.1)	(0.1)
<i>Balance outstanding</i>	1.4	0.6	-	-
Privy Purse	0.9	1.0	(0.8)	(0.7)
<i>Balance outstanding</i>	0.1	0.1	(0.1)	-
Other Royal Households	1.2	1.1	(0.6)	(0.2)
<i>Balance outstanding</i>	0.5	0.3	-	-
Historic Royal Palaces	0.1	0.1	-	-
<i>Balance outstanding</i>	-	-	-	-

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

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

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

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

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

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

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

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

	Income recovered from (balance outstanding):		Expenditure charged by (balance outstanding):	
	2026 £m	2025 £m	2026 £m	2025 £m
Foreign, Commonwealth and Development Office	0.9	0.6	(0.6)	(0.5)
<i>Balance outstanding</i>	-	<i>0.1</i>	-	-
Ministry of Defence	-	0.1	(0.4)	(0.2)
<i>Balance outstanding</i>	-	-	-	-

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

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	2026	2025
	£m	£m
Cash recovered from:		
The Royal Collection Trust	1.5	1.4
<i>Balance outstanding</i>	<i>0.2</i>	<i>1.2</i>
Privy Purse	0.3	0.4
<i>Balance outstanding</i>	<i>0.1</i>	<i>0.3</i>
Other Royal Households	0.6	0.2
<i>Balance outstanding</i>	<i>0.1</i>	<i>0.1</i>
Cabinet Office	1.0	0.9
<i>Balance outstanding (held as agent)</i>	<i>(0.2)</i>	<i>(0.2)</i>
Department for Digital, Culture, Media & Sport	0.9	1.1
<i>Balance outstanding (held as agent)</i>	<i>(0.1)</i>	<i>(0.1)</i>

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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	2018-26 cumulative £m	2026 £m	2025 £m
Funding receivable¹:			
Grant	328.7	60.0	34.5
Income			
Recharge and other income	3.8	0.8	0.6
			0.6
Expenditure			
Payroll costs	(14.3)	(2.0)	(2.0)
Other staff costs	(14.7)	(1.0)	(0.9)
Housekeeping and hospitality	(0.2)	-	-
Property maintenance	(251.4)	(40.0)	(23.2)
Digital services	(1.6)	(0.2)	(0.1)
Depreciation	(8.8)	(1.7)	(1.7)
Other	(8.4)	(1.4)	(1.5)
	(299.4)	(46.3)	(29.4)
Total net expenditure	(295.6)	(45.5)	(28.8)
Sovereign Grant funding less net expenditure transferred (from)/to Sovereign Grant Reserve	33.1	14.5	5.7
Capital expenditure incurred net of depreciation	(18.4)		
Reserve/(deficit) carried forward	14.7		

¹ In accordance with the Accounts Direction issued by HM Treasury (See Appendix 4 page 154), funding received in respect of the Sovereign Grant (and any draw down from the Sovereign Grant Reserve) is recognised in the Statement of Income and Expenditure in the year.

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During 2023-24 an agreement was made by management to recharge costs from the Buckingham Palace Reservicing Programme to the Core Sovereign Grant, in respect of costs incurred to repair incidents of historic damage to Buckingham Palace. In the Statement of Income and Expenditure on page 108, 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 8 June 2026 the financial statements were approved by the Accounting Officer and Audit and Risk Assurance Committee and on 9 June 2026 were approved by the Lord Chamberlain's Committee for signature by The Keeper of the Privy Purse on 17 June 2026. 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 2026 that require adjustment to, or disclosure in the financial statements.

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 1: SUSTAINABILITY REPORT DATA

Greenhouse gas emissions

		2025-26	2024-25	2025-26	2023-24	2022-23
		(tCO ₂ e)	(tCO ₂ e)	Change from 2024-25	(tCO ₂ e)	(tCO ₂ e)
Scope 1	Natural Gas & Heating	2,427	2,615	(7%)	2,626	2,712
Scope 1	Owned/Leased Vehicles ¹	657	500	31%	605	532
Scope 2	Purchased electricity (MB) ²	17	18	(6%)	20	-
Scope 2	Purchased electricity (LB) ³	1,130	1,246	(9%)	1,186	1,160
Total Scope 1 & 2 (MB)		3,101	3,133	(1%)	3,251	3,244
Total Scope 1 & 2 (LB)		4,214	4,361	(3%)	4,417	4,404
Scope 3	Business travel	1,577	1,910	(17%)	1,882	1,615
Scope 3	Fuel and Energy Related Activities (MB) ⁴	855	850	1%	861	917
Scope 3	Fuel and Energy Related Activities (LB)	999	967	3%	963	1,023
Total Scope 1 – 3 (MB)		5,533	5,893	(6%)	5,994	5,776
Total Scope 1 – 3 (LB)		6,790	7,238	(6%)	7,262	7,042
Outside of Scopes⁵		162	106	53%	42	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.

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

Energy consumption

	2025-26	2024-25	2025-26 Change from 2024-25	2023-24	2022-23
	kWh(m)	kWh(m)		kWh(m)	kWh(m)
Gas	13.3	14.3	(7%)	14.4	14.9
Electricity – National Grid	5.9	6.0	(2%)	5.7	6.0
Electricity – Hydro- electric Scheme at Romney Lock, Windsor	0.5	0.4	25%	0.7	0.7
Total	19.7	20.7	(5%)	20.8	21.6

Financial metrics

	2025-26	2024-25	2023-24	2022-23
		£'m	£'m	£'m
Expenditure on electricity	1.7	2.6	2.2	1.3
Expenditure on gas	0.9	1.1	1.2	1.4
Expenditure on official business travel	3.7	3.0	2.9	2.3

Waste

	2025-26	2024-25	2025-26 Change from 2024-25	2023-24	2022-23
	Tonnage	Tonnage		Tonnage	Tonnage
Waste recycled	1,240	1,267	(2%)	917	1,101
Waste to landfill / incineration	218	242	(10%)	265	248
Total waste	1458	1,509	(3%)	1,182	1,349
Expenditure (£'m)	0.3	0.2		0.1	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 2: ADDITIONAL NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

Property maintenance

	2026 £m Core	2026 £m BPR	2026 £m Total	2025 £m Total
Projects				
• Construction	16.7	29.2	45.9	24.6
• Fees	3.6	9.8	13.4	9.1
Reactive maintenance	7.9	0.3	8.2	7.5
	<u>28.2</u>	<u>39.3</u>	<u>67.5</u>	<u>41.2</u>

Travel

	2026 £m Core	2025 £m Core
Air travel		
• Helicopters (includes operating lease payments)	1.8	1.6
• Fixed wing (large)	0.1	0.2
• Fixed wing (small)	1.7	1.4
• Scheduled	0.5	0.5
Rail travel (includes operating lease payments)	0.7	0.6
Motor vehicles	0.3	0.4
	<u>5.1</u>	<u>4.7</u>

APPENDICES

(THIS SECTION IS NOT SUBJECT TO AUDIT)

Utilities

	2026 £m Core	2025 £m Core
Rates and council tax	1.9	1.9
Electricity	1.7	2.6
Gas	0.9	1.1
Water	0.6	0.4
	<u>5.1</u>	<u>6.0</u>

Housekeeping and hospitality

	2026 £m Core	2025 £m Core
Food and drink	2.0	1.8
Cleaning, laundry and other	1.5	1.4
	<u>3.5</u>	<u>3.2</u>

Other

	2026 £m Core	2026 £m BPR	2026 £m Total	2025 £m Total
Equipment purchase and hire	2.2	-	2.2	1.3
Insurance, legal advice and other professional services	4.5	0.2	4.7	3.9
Printing, postage and stationery	1.6	-	1.6	1.5
Decant/reinstatement costs	-	1.2	1.2	1.2
Other	0.2	-	0.2	1.1
	<u>8.5</u>	<u>1.4</u>	<u>9.9</u>	<u>9.0</u>

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(THIS SECTION IS NOT SUBJECT TO AUDIT)

APPENDIX 3: FIVE YEAR INFORMATION

<i>Year to 31 March</i>	2026	2025	2024	2023	2022
	£m	£m	£m	£m	£m
Funding received:					
Grant	132.1	86.3	86.3	86.3	86.3
Income					
Property rental income	3.9	4.0	3.8	3.6	3.3
Facilities management charges	11.0	10.5	8.8	0.5	0.4
Recharges for functions and other income	6.4	7.0	7.2	5.7	6.2
	21.3	21.5	19.8	9.8	9.9
Expenditure					
Payroll costs	(33.7)	(29.9)	(27.9)	(27.1)	(23.7)
Other staff costs	(3.3)	(4.1)	(4.0)	(5.0)	(3.8)
Property maintenance	(67.5)	(41.2)	(47.0)	(57.8)	(63.9)
Travel	(5.1)	(4.7)	(4.2)	(3.9)	(4.5)
Utilities	(5.1)	(6.0)	(5.7)	(4.5)	(3.2)
Housekeeping and hospitality	(3.5)	(3.2)	(2.6)	(2.4)	(1.3)
Digital services	(5.1)	(4.5)	(4.3)	(4.0)	(3.2)
Depreciation	(5.2)	(4.1)	(4.4)	(4.3)	(3.4)
Other	(9.9)	(8.9)	(8.8)	(8.3)	(5.3)
	(138.4)	(106.6)	(108.9)	(117.3)	(112.3)
Profit on disposal of non-current asset	0.6	-	-	-	-
Finance cost	(0.7)	(0.1)	-	-	-
Total net expenditure	(117.2)	(85.2)	(89.1)	(107.5)	(102.4)
Sovereign Grant funding less net expenditure transferred to/(from) Sovereign Grant Reserve	14.9	1.1	(2.8)	(21.2)	(16.1)

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PERFORMANCE INDICATORS AND OPERATING RATIOS

	2026	2025	2024	2023	2022
Suppliers paid within:					
15 days of receipt of invoice	42%	49%	46%	46%	44%
30 days of receipt of invoice	86%	84%	83%	89%	87%

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APPENDIX 4: 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.
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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