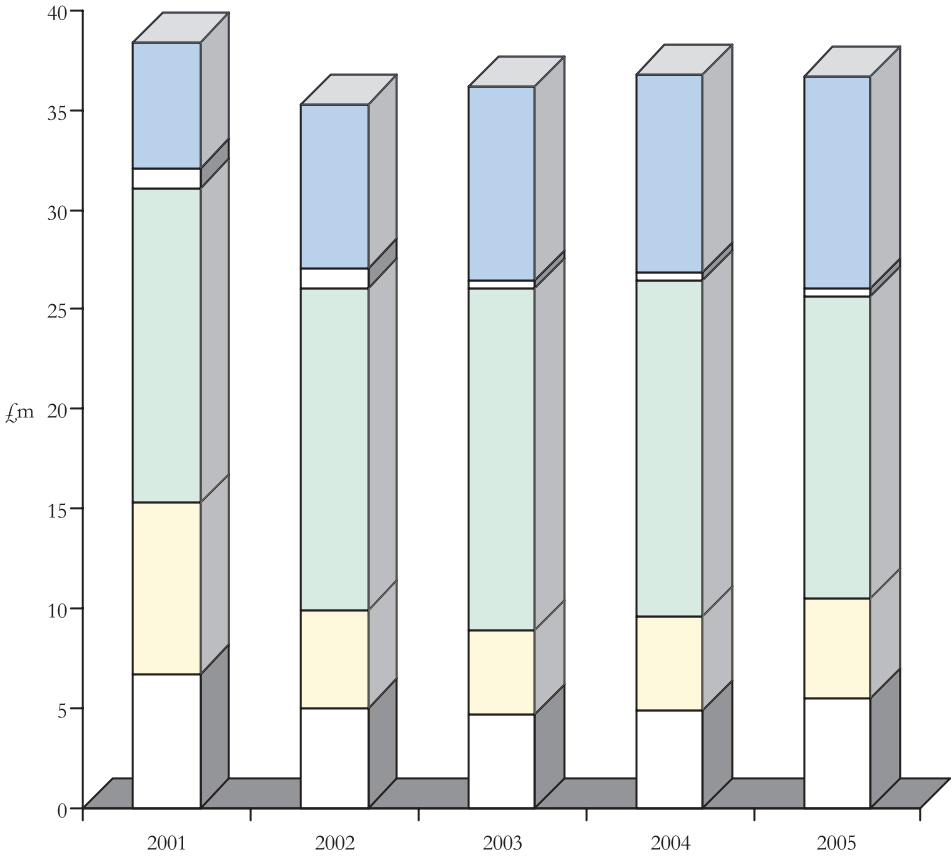


ROYAL PUBLIC FINANCES

Five Years to March 2005



KEY¹

- The Queen's Civil List
- Parliamentary Annuities
- Grant-in-aid for Property Services and Communications and Information
- Grant-in-aid for Royal Travel by air and rail
- Government Departments and the Crown Estate

¹ The above colours correspond to those applied to the separate sections of this document.

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FINANCIAL SUMMARY

<i>Year to 31st March</i>	2005	2004
	£m	£m
The Queen's Civil List ¹	10.6	9.9
Parliamentary Annuities	0.4	0.4
Grants-in-aid	20.2	21.6
Expenditure met directly by Government Departments and the Crown Estate	5.5	4.9
	36.7	36.8
	36.7	36.8

Head of State expenditure is met from public funds in exchange for the surrender by The Queen of the revenue from the Crown Estate. Head of State expenditure for 2004-05 has decreased by 0.3% compared to the previous year (a decrease of 2.3% in real terms). The £0.1 million decrease relates mainly to exceptional savings in the Property Services Grant-in-aid offset by various increases in other areas.

Head of State expenditure has reduced from £91.0 million (expressed in current pounds) in 1991-92, a reduction of 60%.

Head of State expenditure excludes the costs of security (mainly provided by the Police and Army) and of Armed Services ceremonial.

The above figures for The Queen's Civil List and the Grants-in-aid are based on audited figures, which accounts are included in this report. The other figures are not audited.

A chart showing the Head of State expenditure for the past five years is set out on page 1.

¹ Figures are for calendar years 2004 and 2003

THE QUEEN'S CIVIL LIST

The Civil List is the funding provided by Parliament, on a 10 yearly cycle, to meet the central staff costs and running expenses of Her Majesty's official Household.

The detailed annual report showing how the Civil List has been spent during 2004 is shown in pages 9 to 40 of this report.

PARLIAMENTARY ANNUITIES

The Parliamentary Annuity was paid to The Duke of Edinburgh. The annuity was primarily to meet official expenses incurred in carrying out his public duties. Parliamentary Annuities paid to other Members of the Royal Family are not a cost to the taxpayer as they are reimbursed by The Queen.

GRANTS-IN-AID

<i>Year to 31st March</i>	2005	2004
	£m	£m
Property Services	14.7	16.5
Communications and Information	0.5	0.4
Royal Travel	5.0	4.7
Total	<u>20.2</u>	<u>21.6</u>

Grants-in-aid are provided to the Royal Household annually by the Department for Culture, Media and Sport for Property Services and Communications and Information, and by the Department for Transport for Royal Travel.

Property Services

The Grant-in-aid is to meet the cost of property maintenance, and of utilities, telephones and related services at the Occupied Royal Palaces in England. Expenditure reduced in the year due to an advance in the Grant-in-aid in 2003-04 and a rate rebate in respect of Buckingham Palace.

Communications and Information

The Grant-in-aid is to meet the cost of communication and information services in connection with official royal functions and engagements in England and Scotland.

Royal Travel

The Grant-in-aid is to meet the cost of official royal travel by air and rail.

Detailed accounts showing how the Grants-in-aid have been spent during 2004-05 are shown on pages 41 and 93 of this report.

EXPENDITURE MET DIRECTLY BY GOVERNMENT
DEPARTMENTS AND THE CROWN ESTATE

<i>Year to 31st March</i>	2005	2004
	£m	£m
Administration of honours	0.5	0.5
Equerries, orderlies and other support	1.0	0.9
Maintenance of the Palace of Holyroodhouse	1.9	1.8
State Visits to and by The Queen and liaison with the Diplomatic Corps	0.9	0.7
Ceremonial occasions	0.5	0.3
Maintenance of the Home Park at Windsor Castle	0.6	0.6
Other	0.1	0.1
Total ¹	5.5	4.9

Equerries and orderlies are seconded from the Armed Services to assist The Queen and other Members of the Royal Family in undertaking their official duties. The Palace of Holyroodhouse is The Queen's official residence in Scotland. During 2004-05 The Queen made State Visits to France to mark the centenary of the Entente Cordiale and to Germany. There were three inward State Visits, by the President of Poland, the President of the French Republic to mark the centenary of the Entente Cordiale and the President of the Republic of Korea.

COSTS FUNDED FROM OTHER SOURCES

Duchy of Lancaster

Income from the Duchy of Lancaster funds the Privy Purse. It is The Queen's private income which after tax is largely used by Her Majesty to meet official expenditure, in particular reimbursing Parliamentary Annuities and meeting expenses of other Members of the Royal Family. Accounts for the Duchy of Lancaster are published and laid before Parliament annually.

Duchy of Cornwall

Income after tax from the Duchy of Cornwall funds the official duties of The Prince of Wales. Accounts for the Duchy of Cornwall are published and laid before Parliament annually.

¹ Figures not audited

The Royal Collection

The Royal Collection receives no funding from the Government or the National Lottery. It consists of works of art of all kinds and is held by The Queen as Sovereign in trust for Her successors and for the Nation. All costs, except for some building occupancy costs, are met by the Royal Collection Trust from visitor admissions to the occupied palaces and from related activities. Around five million people saw the Royal Collection in royal palaces during 2004-05. An annual report is published by the Royal Collection Trust, copies of which are available on-line at www.royalcollection.org.uk.

HISTORICAL AND LEGISLATIVE

Before 1760 the expenses incurred by the Sovereign and Royal Household to enable the Monarch to fulfil his or her official duties were met from the income from the Crown Estate and from other hereditary revenues, supplemented increasingly by customs and excise duties and general taxation voted by Parliament. Under the new arrangement the income from the Crown Estate and other hereditary revenues was surrendered to Parliament by the Sovereign for the duration of the reign in return for the payment of a fixed annual Civil List. Income from the Crown Estate for the year to 31st March 2004 surrendered by The Queen to the Exchequer amounted to £177 million (£171 million for 2002-03).

The annual amount of the Civil List was set for Her Majesty's reign in the 1952 Civil List Act. However, as a result of high inflation at the time, the 1952 Act was amended in 1972 to require the Royal Trustees (the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse) to review the adequacy of the amount of the Civil List periodically and to report to the Treasury at least every ten years whether the amount of the Civil List remains adequate or should be increased.

In order to allow for inflation, the 1972 Act provides for the amount of the Civil List to be higher than expenditure initially so that annual surpluses can be accumulated to cover deficits in later years or for carry forward into a subsequent ten year period. If there is a surplus carried forward, the Royal Trustees will take it into account when making their recommendation for the annual amount of the Civil List for the next ten years.

During the last ten year period to 31st December 2000, annual Civil List expenditure reached £6.5 million, still short of the annual amount of £7.9 million set in 1990, and a reserve of £35 million was established. In view of this, and in order to draw down the reserve, the annual Civil List amount was left at £7.9 million for a further ten years and annual expenditure of approximately £2 million was transferred to the Civil List from the votes of Government Departments or from the Consolidated Fund.

COSTS INCURRED IN CONNECTION WITH THE MONARCHY FUNDED BY PARLIAMENT

The Queen carries out the duties of Head of State. These include:

- undertaking constitutional duties, for example the State Opening of Parliament, regular audiences with the Prime Minister, meetings of the Privy Council, giving Royal Assent to legislation and approving many appointments;
- fulfilling constitutional responsibilities in relation to the Scottish Parliament and, where appropriate, the Welsh and Northern Ireland Assemblies;
- carrying out State and Royal Visits overseas and receiving State and Official visitors to the United Kingdom;
- receiving credentials from foreign Heads of Mission; and
- presenting honours at Investitures.

In addition, the role of The Queen, supported by Members of the Royal Family, extends more widely than these formal duties and includes:

- providing a focus for national identity, unity and pride (for example on Remembrance Sunday and at times of national celebration or tragedy);
- providing a sense of stability and continuity (for example by participating in traditional ceremonies such as Trooping the Colour);
- recognising success, achievement and excellence (for example through visits, receptions and awards); and
- contributing through public service and the voluntary sector to the life of the nation; in this area The Queen is particularly supported by the work of other Members of the Royal Family (e.g. The Prince's Trust and The Duke of Edinburgh's Award Scheme).

Further information is available on www.royal.gov.uk