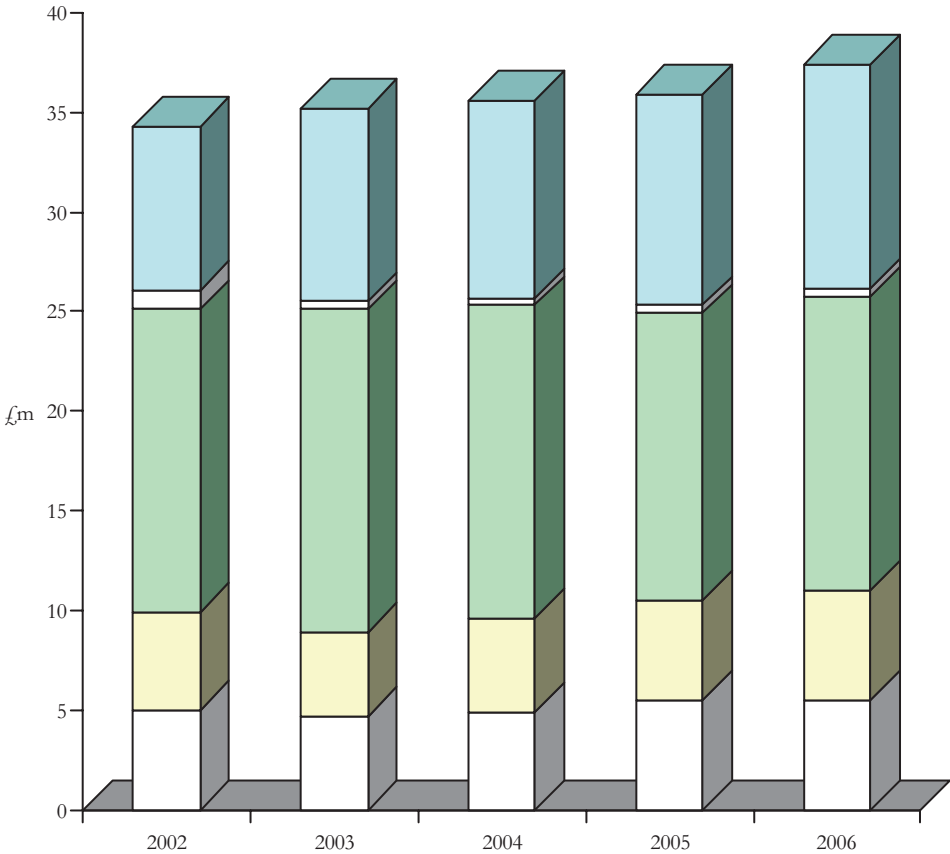


# ROYAL PUBLIC FINANCES

## Five Years to March 2006



**KEY<sup>1</sup>**

- 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

<sup>1</sup> 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>	<b>2006</b> £m	2005 £m
The Queen's Civil List <sup>1</sup>	<b>11.2</b>	10.6
Parliamentary Annuities	<b>0.4</b>	0.4
Grants-in-aid	<b>20.3</b>	19.4
Expenditure met directly by Government Departments and the Crown Estate	<b>5.5</b>	5.5
	<b>37.4</b>	35.9
	<b>37.4</b>	35.9

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 2005-06 has increased by 4.2% compared to the previous year (an increase of 1.4% in real terms). The real terms increase mainly arises from more large overseas journeys funded by Royal Travel plus various smaller increases in other areas. Over the past five years it has increased by 10.6% (a reduction of 2.5% in real terms).

Head of State expenditure has reduced from £92.6 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.

<sup>1</sup> Figures are for calendar years 2005 and 2004

## 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 2005 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 from private sources.

## GRANTS-IN-AID

<i>Year to 31st March</i>	<b>2006</b>	2005
	<b>£m</b>	£m
Property Services	<b>14.3</b>	13.9 <sup>1</sup>
Communications and Information	<b>0.5</b>	0.5
Royal Travel	<b>5.5</b>	5.0
Total	<b><u>20.3</u></b>	<u>19.4</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.

### **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 2005-06 are shown on pages 41 and 95 of this report.

<sup>1</sup> Figures for Property Services have been adjusted for a change in accounting policy as set out on Page 62.

EXPENDITURE MET DIRECTLY BY GOVERNMENT  
DEPARTMENTS AND THE CROWN ESTATE

<i>Year to 31st March</i>	<b>2006</b>	2005
	<b>£m</b>	£m
Administration of honours	<b>0.5</b>	0.5
Equerries, orderlies and other support	<b>0.9</b>	1.0
Maintenance of the Palace of Holyroodhouse	<b>1.9</b>	1.9
State Visits to and by The Queen and liaison with the Diplomatic Corps	<b>1.1</b>	0.9
Ceremonial occasions	<b>0.4</b>	0.5
Maintenance of the Home Park at Windsor Castle	<b>0.6</b>	0.6
Other	<b>0.1</b>	0.1
Total <sup>1</sup>	<b>5.5</b>	5.5

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 2005-06 The Queen made a Realm visit to Canada in May and a State Visit to Malta in November during which Her Majesty opened the biennial Commonwealth Heads of Government meeting. There were also inward State Visits by the President of the Italian Republic in March and the President of the People's Republic of China in November, and an Official Visit by the King of Norway in October.

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.

<sup>1</sup> 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 four and a half million people saw the Royal Collection in royal palaces during 2005-06. An annual report is published by the Royal Collection Trust, copies of which are available on-line at [www.royalcollection.org.uk](http://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 2005 surrendered by The Queen to the Exchequer amounted to £185 million (£177 million for 2003-04).

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](http://www.royal.gov.uk)*