Labour for a Republic Briefing

SOVEREIGN GRANT BILL 2026

The Government proposed, in the package of measures announced with the Kings Speech in May 2026, a Sovereign Grant Bill which

> **"will deliver the Government's commitment to reset the Sovereign Grant (the Grant), once the current work to reservice Buckingham Palace comes to an end."**

On Tuesday 1st September, the Chancellor will move a motion:

That—

(1) provision be made amending the Sovereign Grant Act 2011—

(a) to specify the amount of the Sovereign Grant for the financial year 2027-28;

(b) to specify the percentage of the income account net surplus of the Crown Estate to be used by the Royal Trustees to determine the amount of the Sovereign Grant in subsequent financial years;

(c) to confer a duty and a power on the Treasury to specify the amount of the Sovereign Grant in subsequent financial years in certain circumstances; and

(d) for connected purposes;

(2) any increase attributable to such provision in the sums payable under that Act should be payable out of money provided by Parliament.

The need for a bill to reset the level of the Sovereign Support Grant is recognised by Members of all parties.

The level to which it should be reset, and the mechanism for determining the level in future years, are, however, matters requiring debate.

In this briefing, Labour for a Republic (LfaR) makes its recommendations.

The Sovereign Grant

The Grant is the amount paid by the state to fund the official duties of the monarch. It was introduced by the coalition government in 2011, replacing the former 'civil list' and 'grant in aid' payments with a single payment.[i]

An extraordinary feature of the Grant was the mechanism for its annual adjustments. Rather than basing the Grant on the agreed needs of the monarchy, it was set as a percentage of the profits of the Crown Estate, but with an assurance that the Grant would never be reduced. This arrangement could be criticised on two counts:

1. The Crown Estate is quite separate from the Monarchy. It began as lands given by George III to the state in return for financial support, and it is now a statutory corporation whose governance is separate from parliament and from the monarchy and which operates commercially to generate revenue for the Treasury.[ii] Although the Sovereign Grant has been indexed to Crown Estate profits, the Grant is paid by the Treasury and not by the Estate.

   If it was felt that the Grant had to be indexed to something, the profit of the Crown Estate was a very odd choice (some have suggested they might as well have used the profits of Tesco!). The Crown Estate may have appeared to be a fairly stable organisation but, with its feudal claims to most of the sea bed around our coasts, licence fees for offshore wind farms massively boosted its profits. As a consequence, the Sovereign Grant went up in a way unrelated to the Monarchy's costs.[iii]

2. The arrangement by which the Grant could go up, but not down, was astonishing. The FT noted that in a good year the Monarchy would win, and in a bad one the taxpayers would lose. It is this feature of the Grant that has made an amendment to the Sovereign Grant Bill necessary.

How and why the Grant has risen

The Sovereign Grant was original set at £31m for 2012-13, which was the equivalent of 5% of Crown Estate profits. In the four years that followed, this rose to £42.8m – a 30% increase in real terms, in spite of these being years in which many in the UK were suffering from the politics of austerity.

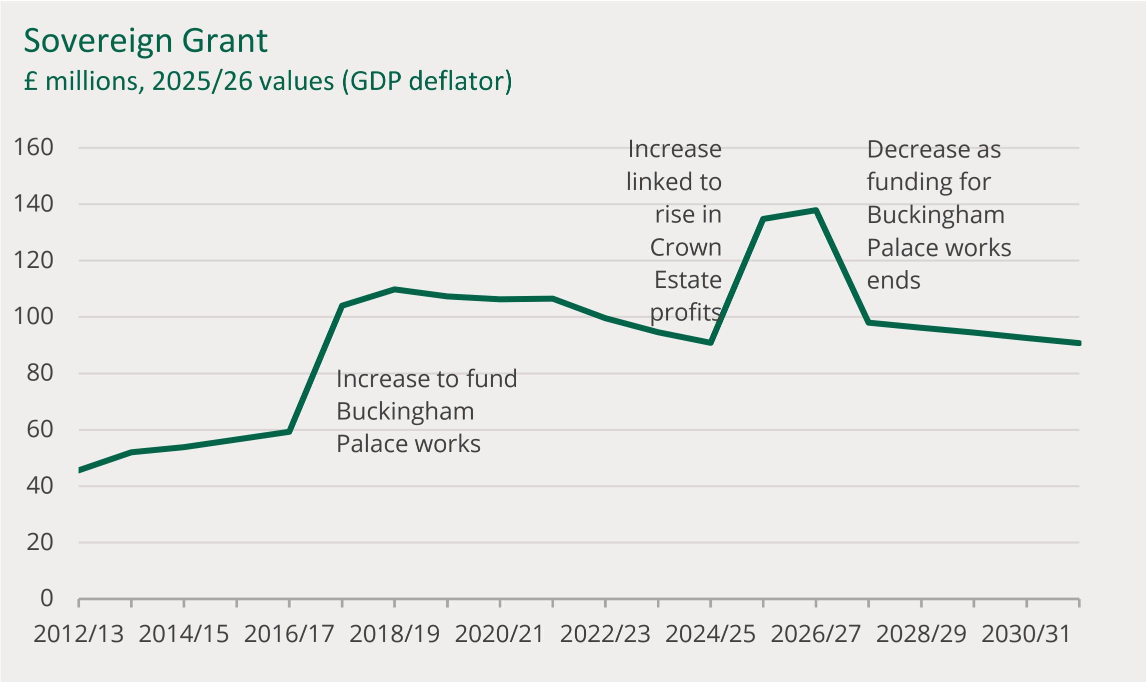
In 2016, with the need for a major refurbishment of Buckingham Palace, it was agreed that the percentage of profits used to set the Grant should be increased to 25% for a 10-year period. By 2017, the Grant was well over its original value in real terms, and it continued to increase.

In recent years, the licencing of offshore wind-farms has produced huge profits for the Crown Estate (of the order of £1b annually). Recognising that maintaining the 25% level would be totally unreasonable, the Monarchy accepted a much smaller percentage, but the Grant nevertheless rose to £137.9m in the current year – in real terms more than 3 times its original value.

Now that the refurbishment of Buckingham Palace has been completed, it has been accepted that the level of the Grant should decrease. Given the mechanism of the Sovereign Grant Act of 2011, an amendment to the Act is now needed to make that decrease possible.

It is anticipated that the level of the Grant will be reset to £99.9m.[iv] While this is a substantial reduction from £137.9m, it is nevertheless more than three times the initial grant, and well over twice its original size in real terms.

The House of Commons Library has produced the following graph showing the movements in the Grant.



Future adjustments

The Government proposes that, while the Grant will normally be calculated as a percentage of Crown Estate profits, the Treasury should have the power to change the amount of the Grant without need for legislation.

Labour for a Republic's recommendations

We recognise the need for the Grant to be reduced and welcome the Government's action in bringing forward legislation to make that possible.

We do, however, ask Members to propose and/or support amendments aimed at:

1. **Breaking the link with the profits of the Crown Estate.**

   There is no reason why the funding of our head of state should be tied to the fluctuating commercial performance of the Crown Estate. All other institutions of governance receive support based on the programmes of work they propose and the level of public funding considered to be available: there is no reason why the Monarchy should not be funded in the same way.

2. **Resetting the Grant to a sensible level.**

   The grant for 2027-28 should not, in real terms, be more that the Grant's starting point in 2012-13: that would mean a Grant around £45m. The Royal Family is smaller that it was in 2011 and the King and Prince of Wales claim to favour a slimmed-down monarchy. Making the anticipated increase to £99.9m, when the Government cannot afford many of the changes it wants to make to tackle poverty and deprivation, would be wrong and would appear to be wrong.

   In setting the level of the Grant, account should also be taken of the income the Monarchy receives (of the order of £20m p.a.) from the Duchy of Lancaster.[v] The Duchy is not the personal property of the Monarch and income from it is therefore just another form of state funding for the Monarchy. (We believe that the Duchy, as well as the Duchy of Cornwall, is a hangover from feudal times which should have no place in the 21st century: the duchies should be merged with the Crown Estate, but that is a debate for another time.)

3. **Power of the Treasury to set the level of the Grant**

   We believe that the Treasury should have the power to specify the amount of the grant, and our proposal above is that the Treasury should do this annually.

   It is important, however, that the funding of the Monarchy should be transparent and that MPs should have opportunities to debate the level of public funding given to the Monarchy (and, indeed, to question the use of the public funding the monarchy receives) and to hold Treasury ministers to account for decisions they take.

Notes and references

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[i] For further information, see the very useful report produced by the House of Commons' library staff: https://commonslibrary.parliament.uk/research-briefings/cbp-9807/
[ii] https://www.thecrownestate.co.uk/
[iii] See tables which accompany the House of Commons Library report: https://researchbriefings.files.parliament.uk/documents/CBP-9807/CBP09807-tables-for-publication.xlsx
[iv] https://www.gov.uk/government/publications/report-of-the-royal-trustees-on-the-sovereign-grant-review-2026
[v] https://www.duchyoflancaster.co.uk/