

# THE 'VALUE FOR MONEY MONARCHY' MYTH

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## INTRODUCTION

This report is intended to give republicans, journalists and the general public the facts about how the royal household and the monarchy are funded. Buckingham Palace claims that the monarchy costs the taxpayer around £40m each year, representing excellent 'value for money'. In fact, our research shows that the British monarchy could cost as much as five times this official figure, making it one of the most expensive, wasteful and financially irresponsible institutions in the world.

The most obvious explanation for the royal household's continued profligacy and financial recklessness is the culture of secrecy and deference, fostered by both politicians and the media, which surrounds it. This has recently been heightened by the coalition government's decision to give the monarchy an absolute exemption from freedom of information rules. The result is that the monarchy remains largely unaccountable to the taxpayers who fund it.

Of course Republic's aim remains clear: the abolition of the monarchy. However, to ensure that taxpayers have all the facts to hand, we believe the financial management of the monarchy must be reformed now. The research presented here, against a background of drastic cuts to public services, makes the case for a radical overhaul of royal funding more compelling than ever.



## KEY FINDINGS

- The estimated total annual cost of the monarchy to taxpayers is £202.4m, around five times the official figure published by the royal household (£38.3m last year).
- The official figure excludes a number of costs, including round-the-clock security, lavish royal visits and lost revenue from the Duchies of Lancaster and Cornwall.
- Civil List expenditure has increased by 94 per cent in real terms over the last two decades.
- £202.4m is equivalent to the cost of 9,560 nurses, 8,200 police officers, annual Ministry of Defence spending on food and the total reduction in Sure Start funding.
- The British monarchy is 112 times as expensive as the Irish president and more than twice as expensive as the French semi-presidential system.
- Britain's royal family is the most expensive in Europe at more than double the cost of the Dutch monarchy.
- Taxpayers are kept in the dark about the exact cost of the monarchy, due to the royal household's exemption from the Freedom of Information Act and widespread misunderstanding about the nature of the royal family's finances.

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## TOTAL COST OF THE MONARCHY 2009-2010

<b>Item</b>	<b>Cost (£ millions)</b>
Queen's Civil List	14.2
Duke of Edinburgh	0.4
Property grant	15.4
Communications, media and public relations	0.4
Travel	3.9
Government departments and Crown Estate	3.9
Prince Charles and Camilla (additional costs)	0.5
Lost revenue from Duchy of Lancaster	13.2
Lost revenue from Duchy of Cornwall	24.5
Security	100
Cost to local councils for visits by Queen	26
<b>Total</b>	<b>202.4</b>



## COMPARISONS AND EQUIVALENTS

The total cost of the monarchy is greater than or equal to the annual cost of:

- 9,560 nurses
- 8,200 police officers
- Ministry of Defence spending on food (£195m)
- Oxfordshire County Council's annual social care budget (£198m)
- Department of Health spending on the Cancer Drugs Fund (£200m)
- central government support for medical research charities (£200m).

Cuts and savings announced by the Government as part of its deficit reduction plan include:

- reduction in Ministry of Justice budget (£210m)
- reduction in Sure Start funding (£200m)
- savings from changing the housing benefit system (£200m)
- savings from freeze in civil service recruitment (£190m).

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## COSTS OF OTHER EUROPEAN MONARCHIES

<b>Monarchy</b>	<b>Total annual cost (£ millions)</b>
Netherlands	88.3
Norway	23.9
Denmark	10.5
Sweden	10.2
Belgium	9.7
Luxembourg	7.8
Spain	7.4



## COSTS OF EUROPEAN ELECTED HEADS OF STATE

Republic	Type of president	Total annual cost (£ millions)
France	Semi-presidential	90
Germany	Parliamentary	21
Finland	Semi-presidential	11.5
Austria	Parliamentary	3.5
Ireland	Parliamentary	1.8

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## CIVIL LIST EXPENDITURE

The Civil List pays for the 'official expenses of the Queen's household'. The biggest division within the royal household is the Master of the Household's Department. This includes butlers, footmen, personal dressers and staff responsible for providing private meals to the royal family, "greeting and looking after" members of the royal family and managing the Palace's wine cellars.

The annual Civil List payment is currently fixed at £7.9m each year. However, because the payment was so generous when it was set in 1990 (it assumed inflation would be much higher than it actually was), the royal household has been able to build up a very large reserve.

Each year they have supplemented the annual payment with these reserve funds, so the amount spent from Civil List funds has actually increased above inflation almost every year. Despite claims that the Queen 'hasn't had a pay rise for 20 years' Civil List spending has increased by 94 per cent in real terms since 1991.





**CIVIL LIST EXPENDITURE 1991-2010**

<b>Year</b>	<b>Expenditure (£ millions)</b>	<b>Year</b>	<b>Expenditure (£ millions)</b>
1991	4.9	2001	8.2
1992	5	2002	9.8
1993	5.1	2003	10
1994	5.1	2004	10.6
1995	5.5	2005	11.2
1996	5.6	2006	12.2
1997	5.7	2007	12.8
1998	5.9	2008	14.3
1999	6.3	2009	13.9
2000	6.6	2010	14.2

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## THE DUCHIES OF LANCASTER AND CORNWALL

The Duchy of Lancaster and Duchy of Cornwall are portfolios of land, property and assets - including key urban developments, historic buildings, and farm land in many parts of England and Wales - held in trust for the Sovereign and the heir to the throne respectively. The multi-million pound surplus revenue from the Duchies is paid each year to the Queen and Prince Charles.

Lost revenue from the Duchies is included in Republic's total estimated cost of the monarchy because the Duchies are not, and never have been, the personal property of the Windsor family. Neither the monarch or the heir to the throne are entitled to the Duchies' capital or capital profits and are only eligible to receive their surplus while occupying a constitutional role.

The Duchies provide an income to the monarch and the heir to the throne. In a republic, there would be no monarch or heir to the throne so the surplus would be paid to the Treasury to the benefit of all taxpayers.



## THE CROWN ESTATE

The Crown Estate is a land and property portfolio, managed on behalf of the Government, whose surplus revenue is paid annually to the Treasury. It is often claimed that the Queen 'surrenders' Crown Estate revenue to the nation, subsidising the monarchy through a personal financial sacrifice. In fact, the Crown Estate is not the personal property of the monarch and the Queen is not entitled to receive any monies from it.

The source of the confusion comes from the fact that a small part of the existing Crown Estate portfolio was the property of the monarch before the end of the 18th century, when the king had responsibility for the expenses of civil government. But this changed once the state (the Crown) and the person of the monarch became separate during the reign of George III. Since then the Crown Estate has been the 'hereditary possessions of the Sovereign', not the personal possessions of the individual acting as Sovereign.

Because this arrangement has to be formally repeated at the outset of each reign, some monarchists assert that a new monarch could claim the revenue for themselves. In fact, this 'renewal' is a formality and was described in 1952 by Burke Trend, a senior Treasury official, as 'simply a historical relic from much earlier days'. If the monarchy were to disappear tomorrow, the Crown Estate would continue to do what it has always done for nearly one thousand years - provide income for the administration of this country.

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## THE 'SOVEREIGN SUPPORT GRANT'

The coalition government has announced that from 2013 the existing system of funding the monarchy will be replaced by a 'sovereign support grant'. It has been suggested that the grant should be tied to a percentage of the revenue from the Crown Estate.

The proposed new funding model is deeply flawed and likely to lead to greater expenditure with less accountability. The arrangement would give the royal household more freedom over its finances at exactly the time when expenditure should be more tightly controlled. It also perpetuates the myth that the royal family has a right to the Crown Estate.

The office of the head of state is a function of central government and should be funded like every other government department – through an annual grant determined by ministers and based on need.



## THE ROYAL FINANCES REFORM CHARTER

Republic's Royal Finances Reform Charter proposes the following simple reforms, to improve accountability, transparency and fairness in royal finances and to appropriately assign public funds to the Treasury.

- 1 Parliament to set an annual fixed budget for the monarchy – including an annual salary for the Queen - to be managed and reported on by a government department, not Buckingham Palace.
- 2 All security costs to be made transparent and accountable.
- 3 All costs of royal visits around the country to be incorporated into the monarchy's budget, not met by local authorities.
- 4 The institution of the monarchy, and all members of the royal household, to be required to abide by the same tax laws and rules as all other public bodies and private individuals.
- 5 The Duchies of Lancaster and Cornwall to be fully investigated by parliament with a view to transferring them into public ownership, with all revenue going to the Treasury.
- 6 The monarchy's finances to be scrutinised by the National Audit Office like any other public body.
- 7 The Crown Estate to be renamed 'the National Estate' and its status clarified through amendment of the Crown Estate Act.

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### SOURCES

Figures for Civil List expenditure, Duke of Edinburgh, property and travel grants, government departments and Crown Estate from official royal financial reports, available from [www.royal.gov.uk](http://www.royal.gov.uk).

'Prince Charles and Camilla (additional costs)' is expenditure met by government departments for overseas tours and military secondees, excluding communications and travel costs taken from main grants-in-aid. Figures from [www.princeofwales.gov.uk](http://www.princeofwales.gov.uk).

Figure for lost revenue from Duchy of Cornwall from annual report, available from [www.duchyofcornwall.org](http://www.duchyofcornwall.org).

Figure for lost revenue from the Duchy of Lancaster from annual report, available from [www.duchyoflancaster.com](http://www.duchyoflancaster.com).

Cost of security is an estimate reported in the media, including *The Daily Mail*, May 29, 2011 and *The Mirror*, July 11 2010.

Cost to local councils of visits by the Queen is an estimate based on cost to Romsey Council for visit by the Queen in 2007 (£58,000) multiplied by number of engagements in 2010 (444).

Figures for equivalent numbers of nurses and police officers from [www.nhs.uk](http://www.nhs.uk) and [www.met.police.uk](http://www.met.police.uk) respectively.

Figure for Ministry of Defence spending on food from official government spending data, available from [http://www.ogc.gov.uk/documents/Spend\\_publication\(1\).doc](http://www.ogc.gov.uk/documents/Spend_publication(1).doc).

Figures for Civil List expenditure from official royal financial reports and <http://www.parliament.uk/documents/commons/lib/research/briefings/snsg-0819.pdf>.

Real terms increase in Civil List spending calculated using <http://safalra.com/other/historical-uk-inflation-price-conversion>.

Costs of other monarchies and elected heads of state from media reports and official accounts.

Burke Trend's memo cited in *Royal Fortune, Tax, Money an the Monarchy*, Philip Hall, Bloomsbury, 1992.



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