

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Seventh Delegated Legislation Committee

DRAFT SOVEREIGN GRANT ACT 2011 (CHANGE
OF PERCENTAGE) ORDER 2017

Thursday 2 March 2017

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The Committee consisted of the following Members:

Chair: MR PETER BONE

- | | |
|---|---|
| † Afriyie, Adam (<i>Windsor</i>) (Con) | † Kerevan, George (<i>East Lothian</i>) (SNP) |
| † Barclay, Stephen (<i>Lord Commissioner of Her Majesty's Treasury</i>) | † Kirby, Simon (<i>Economic Secretary to the Treasury</i>) |
| Berger, Luciana (<i>Liverpool, Wavertree</i>) (Lab/Co-op) | Powell, Lucy (<i>Manchester Central</i>) (Lab/Co-op) |
| † Cleverly, James (<i>Braintree</i>) (Con) | † Sheppard, Tommy (<i>Edinburgh East</i>) (SNP) |
| Coffey, Ann (<i>Stockport</i>) (Lab) | † Smith, Jeff (<i>Manchester, Withington</i>) (Lab) |
| † Dowd, Peter (<i>Bootle</i>) (Lab) | † Trevelyan, Mrs Anne-Marie (<i>Berwick-upon-Tweed</i>) (Con) |
| † Duddridge, James (<i>Rochford and Southend East</i>) (Con) | † Tugendhat, Tom (<i>Tonbridge and Malling</i>) (Con) |
| † Fabricant, Michael (<i>Lichfield</i>) (Con) | † Wragg, William (<i>Hazel Grove</i>) (Con) |
| † Fovargue, Yvonne (<i>Makerfield</i>) (Lab) | Katya Cassidy, Mike Winter, <i>Committee Clerks</i> |
| † Glen, John (<i>Salisbury</i>) (Con) | † attended the Committee |

Seventh Delegated Legislation Committee

Thursday 2 March 2017

[MR PETER BONE *in the Chair*]

Draft Sovereign Grant Act 2011 (Change of Percentage) Order 2017

11.30 am

The Economic Secretary to the Treasury (Simon Kirby): I beg to move,

That the Committee has considered the draft Sovereign Grant Act 2011 (Change of Percentage) Order 2017.

May I start by saying what a pleasure it is to serve under your chairmanship, Mr Bone? As announced at the last autumn statement, the royal trustees—the Prime Minister, the Chancellor and the Keeper of the Privy Purse—carried out a review of the sovereign grant and concluded that it should increase from 15% to 25% of the Crown Estate's profits two years previously. That will fund both the Queen's official duties and the urgent 10-year overhaul of Buckingham Palace. The order will implement that change. The Sovereign Grant Act 2011 is the mechanism through which the state gives the royal family the funding they need to carry out the services they perform on this country's behalf and to maintain the royal palaces.

Buckingham Palace is an important historic property and one of London's top tourist attractions, so it is clearly important that the royal estate is properly maintained. Prior to the royal trustees' review, a series of detailed technical assessments were undertaken to examine the material state of Buckingham Palace. They concluded that elements of the palace's essential services were significantly beyond their maximum useful life and required urgent replacement, unless the palace is to be at serious risk of fire, flood or safety incidents. It was concluded that the most cost-effective way to do so is to undertake a phased programme of works over 10 years, starting from April 2017. The palace will remain occupied and fully operational as the works are carried out wing by wing, preventing disruption to major public events such as the changing of the guard and the trooping of the colour.

The order provides for that urgent overhaul to be taken forward. It will increase the sum by reference to which the grant is calculated each year. Primary legislation will be introduced to amend the 2011 Act to allow for a reduction in the grant once the renovation of Buckingham Palace is completed. The vast majority of the Crown Estate's profits will still be retained by the Exchequer. This temporary increase in funding will ensure long-term benefits: the palace will be rendered more efficient, more cost-effective and better fit for the next generations of the monarchy.

There will also be a significant increase in the number of people visiting the Palace, with increased access for schools. It will also offer an opportunity for a new generation of construction professionals to work on an historic building through apprenticeships and graduate

programmes. The order will provide the necessary uplift in funding to safeguard buildings that are part of our heritage and to ensure that our royal family may continue to perform the services that they undertake for the sake of this country.

11.33 am

Peter Dowd (Bootle) (Lab): It is a privilege to serve under your chairmanship, Mr Bone. This matter has been debated on a number of occasions, and people have indicated that they are unhappy that Buckingham Palace has fallen into its current state over the years. That prompts us to ask why that has happened, but we are where we are. The fact that it has not been picked up before now, when perhaps it should have been, is a different kettle of fish. I am sure that those responsible for such matters will give careful consideration to that and ensure that this sort of thing does not happen again.

We cannot periodically push up, from 15% to 25%, the percentage of Crown Estate profits given to the sovereign grant. We have to put in place a coherent, cogent and long-lasting system, so that this type of event does not happen again. I do not want to sound as though I am finger-wagging too much, but we are in an age of austerity. We have to be clear that every penny of public expenditure is appropriately accounted for and that we should not have to spend money in the short term because of long-term decline. Although we are not over the moon at the situation, on this occasion we shall not object to the proposal.

11.35 am

Tommy Sheppard (Edinburgh East) (SNP): It is a pleasure to serve under your chairmanship, Mr Bone.

We cannot support the statutory instrument, or the taking of this decision at this time and in this way. Let me be clear that my remarks are not a criticism of or challenge to the monarchy or the royal household. Nor is there a suggestion that Buckingham Palace is anything other than an historic asset of the country that needs to be invested in and protected.

What we are concerned about is using a variation to the sovereign grant to fund such a major item of capital expenditure. That goes against the conventions of public financing. In any other sphere we would not conflate revenue and capital expenditure in that way. If a major investment of £400 million in the infrastructure of Buckingham Palace is needed, it seems to me that that should be treated as a separate capital project, and properly budgeted for, rather than being funded out of the sovereign grant, which is meant to fund the revenue expenses—the day-to-day and year-to-year expenses—of the royal household and the maintenance of its duties. The proposal is similar to saying that the works that need to be undertaken to this place should be funded by doubling MPs' salaries and asking them to make a contribution to the contractor doing the work. That is not, of course, how we would do it.

The hon. Member for Bootle is right to say that we need to be aware of public perceptions. Yesterday there was a demonstration outside Parliament by people with disabilities who are campaigning against an imminent cut of £30 a week in the employment and support allowance, amounting to £1,500 a year. That is a paltry

sum set against the figures under discussion, but it could literally mean life or death to the people in receipt of the benefit. I think that the public would find it hard to understand how, when the public finances are in such dire straits that we need to implement such cuts that affect the poorest members of society, there is apparently no problem in simply finding the money to undertake major works at Buckingham Palace.

I suggest that the matter should be debated fully by the entire House and that we should divide on it. It is not something to be relegated to a Committee and dealt with in a matter of minutes on a Thursday morning. I think that many hon. Members on both sides of the House would want to participate and they should have that opportunity.

In conclusion, when the proposal was made to change the civil list to the sovereign grant, I do not think that this is what those who drafted the legislation had in mind. Of course, there could be variations in the percentage of Crown Estate revenue that goes to the sovereign grant, but that should happen only when a predicted or known increase in the revenue budget is required for the funding of the royal household. It should not go towards capital works on a new roof, new wiring or whatever works are needed at Buckingham Palace or any other royal palace. That should be treated separately; otherwise we shall be in a bizarre situation whereby we will have to come back here year after year, depending on what capital works are required to the royal estate, to consider such variations.

That does not seem to me to be a good way to do business, so I am afraid that we cannot support the statutory instrument. We shall seek a Division and we look forward to a debate on the Floor of the House.

11.38 am

Simon Kirby: I thank the hon. Member for Bootle for raising some thoughtful, interesting and sensible points, and for his support. In response to the hon. Member for Edinburgh East, I remind him that the whole point of the 2011 Act was to bring together the different funding streams and provide for the very eventuality that has arisen.

This country's monarchy is worth some £57 billion. Every year, millions of people come to look at Buckingham Palace, tens of thousands visit it and hundreds of thousands attend functions where our great monarch, the Queen, is able to be present.

Tommy Sheppard: I understand and accept the popularity of Buckingham Palace as a tourist attraction, and as a visitor attraction for people who live in this country. Would it not therefore be reasonable to consider whether the commercial dimension of Buckingham Palace as a venue and an attraction might provide an income stream to fund ongoing capital works to maintain its current quality?

Simon Kirby: The hon. Gentleman raises an interesting point. That is exactly what we are deciding today. There will be 115,000 more visitors each year, because there will be increased access. Some 30,000 more children will be able to visit the palace—only 1,500 can currently do so. There will be an additional 110 events every year. This is a long-term solution. The hon. Member for Bootle was right to say that previous Governments of all colours should perhaps have considered this more carefully, but we are where we are and this is a sensible way forward.

George Kerevan (East Lothian) (SNP): Is it the Minister's intention, once the money has been used to refurbish the palace, to come back and change the Act and reduce the 25%?

Simon Kirby: It is. That is clear and I am happy to restate it.

Question put.

The Committee divided: Ayes 10, Noes 2.

Division No. 1]

AYES

Afriyie, Adam
Barclay, Stephen
Cleverly, James
Duddridge, James
Fabricant, Michael

Glen, John
Kirby, Simon
Trevelyan, Mrs Anne-Marie
Tugendhat, Tom
Wragg, William

NOES

Kerevan, George

Sheppard, Tommy

Question accordingly agreed to.

11.42 am

Committee rose.

