

Natural History Museum Annual Report and Accounts 2021-2022

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Presented to Parliament pursuant to Section 9(8) of the Museums and Galleries Act 1992

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The Trustees' Annual Report

Reference and administrative details

The Natural History Museum is a non-departmental public body, sponsored by the Department for Digital, Culture, Media and Sport (DCMS), and is an exempt charity as listed in Part 3 of the Charities Act 2011.

Principal Address The Natural History Museum, Cromwell Road, London, SW7 5BD.

Board Members The Board of Trustees comprises the following:

	Appointment period	Appointed by
The Lord Green of Hurstpierpoint (Chair)	To 31 March 2023	Prime Minister
Harris Bokhari OBE	To 12 April 2024	Prime Minister
Dame Frances Cairncross DBE FRSE	To 31 March 2024	Co-opted
Professor Yadvinder Malhi CBE FRS	To 12 April 2024	Prime Minister
Hilary Newiss	To 4 January 2023	Prime Minister
Robert Noel	To 24 April 2024	Prime Minister
Simon Patterson	To 4 January 2023	Prime Minister
Mark Read	To 31 May 2026	Prime Minister
Professor Sir Stephen Sparks KBE FRS	To 31 December 2022	Royal Society
Dr Sarah Thomas	To 30 November 2024	Co-opted
Professor Dame Janet Thornton DBE FRS	To 31 March 2024	Prime Minister

Sir Patrick Vallance has been appointed to join the Board of Trustees from 1 October 2022 and will take on the role of chair in early 2023.

The Trustees' register of interests is available at <http://www.nhm.ac.uk/about-us/governance.html>

Museum Director and Accounting Officer Dr Douglas Gurr

Bankers National Westminster Bank plc, 186 Brompton Road, London, SW3 1HQ.

Auditors Comptroller and Auditor General, National Audit Office, 157-197 Buckingham Palace Road, London SW1W 9SP

Moore Kingston Smith LLP, 6th Floor, 9 Appold Street, London, EC2A 2AP
(for subsidiary accounts)

Solicitors Provided in house.

Accounts Preparation The annual report and accounts have been prepared in accordance with the accounting policies set out in note 1 (page 44). They comply with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Government Financial Reporting Manual, and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Digital, Culture, Media and Sport, with the approval of HM Treasury.

Structure, governance and management

Status The Trustees of The Natural History Museum were established as a body corporate under the British Museum Act 1963, when the Museum was formally separated from the British Museum, of which it had been a part since the British Museum's establishment in 1753. The Museum is also an exempt charity as listed in Part 3 of the Charities Act 2011.

Statutory duties

Under Section 3 of the British Museum Act 1963, the Museum is responsible for keeping its collections and making them available for inspection by the public.

The Board of Trustees

The Museum is governed by a Board of 12 Trustees who are appointed by the Prime Minister (8), the Secretary of State for Digital, Culture, Media and Sport on recommendation by the President of the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition in accordance with the requirements of the Governance Code on Public Appointments (Appendix B) including the appointment of an Independent Assessor to aid the Nominations Committee. Co-opted Trustees are also appointed by open competition, unless the Chair of the Board is able to demonstrate it is in the best interest of the Museum to not do so.

Further details of Trustees who served during 2021-22 are included in the Governance Statement.

Organisational structure

During the year responsibility and delegated authority for the management of the Museum rested with the Executive Board, under the leadership of the Director of the Museum, who is appointed by the Trustees, and, as the Accounting Officer, is responsible to Parliament.

The Executive Board reflects the functional operation of the Museum and consists of:

Director of the Museum	Dr. Douglas Gurr
Executive Director of Finance and Corporate Services	Neil Greenwood
Executive Director of Development	Fiona McWilliams
Executive Director of Engagement	Clare Matterson CBE <i>(until 14 April 2022)</i>
Executive Director of Science	Dr. Tim Littlewood
Chief Information Officer	Alison Davis <i>(until 25 February 2022)</i>
Director of Communications, Digital and Marketing	Dan Phelan
Director of Human Resources	Alison Lodge
Director of Estates, Masterplanning and Projects	Keith Jennings
Head of Earth Sciences	Richard Herrington <i>(until 31 March 2022)</i>
Head of Life Sciences	Ken Norris

The Natural History Museum has three wholly owned subsidiaries.

The Natural History Museum Trading Company Ltd is a limited company. The directors are The Lord Green of Hurstpierpoint and Neil Greenwood.

The Natural History Museum Special Funds Trust and The Natural History Museum Benevolent Fund are entities administered by the Natural History Museum and governed by the Natural History Museum’s Board of Trustees.

Staff and organisation

The Museum is an Equal Opportunity Employer and has agreed statements of policy under section 2(3) of the Health and Safety at Work Act, 1974.

Senior management communicate with staff through regular Museum wide presentations, Museum notices and team briefings, through the Museum’s Health and Safety organisation and Whitley Council mechanisms as well as through informal meetings.

The Museum is a non-departmental public body and follows policy issued by the Cabinet Office on employment of disabled staff.

During the year the Museum employed 877 staff (average full-time equivalents) (2021: 889), of which 676 (2021: 690) were on permanent contracts.

The average days' sickness per year for permanent and fixed term contract staff was 4.9 days per full time equivalent (2021: 1.9 days). The increase is due to a return of all staff to full time working for a greater proportion of the year and corresponding reduction in staff on furlough.

Pension benefits are predominantly provided through the Principal Civil Service Pension Scheme (see note 7 to the accounts). Since 1 April 2017, new employees have been auto enrolled into the NHM Pension Scheme which is a defined contribution scheme provided by Aviva.

A volunteer force of 162 people was registered with the Museum during 2021-22.

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2022 was:

	Female	Male
Executive Directors	2	3
Other employees	562	386

Nineteen self-employed individuals (2021: sixteen) were engaged off-payroll during the year for more than £245 per day in arrangements spanning more than six months. Of these 19, 10 have been engaged for less than one year, including those that reached six months in duration between 1 April 2021 and 31 March 2022. 1 had been engaged for between one and two years, 1 had been engaged for between two and three years, 2 have been engaged for between three and four years and 5 have been engaged for longer than four years. One was deemed to be applicable to IR35. None were reassessed for consistency / assurance purposes during the year and no engagements saw a change to their IR35 status.

Consultancy appointments related to training courses, public engagement shows, HR consultancy and collections storage work on an intermittent basis meaning it was not appropriate to administer these individuals through payroll. The Museum conducted risk-based assessments and obtained assurances that these individuals were meeting their Income Tax and National Insurance obligations.

No costs were incurred during the year (2021: none) on consultancy deemed to be of a strategic nature.

5 individual staff members (FTE: 5) were relevant union officials during 2021-22. Working hours spent on facility time fell within the 1-50% band for all individuals and no hours were spent on paid trade union activities. The amount paid in respect of facility time to employees who were relevant union officials equated to 0.03% of the total pay bill.

Openness and accountability

The Museum is committed to openness and facilitating easy access to all types of recorded information about its collections, services and corporate activities. In particular, the Museum has a Publication scheme, in accordance with schedule 19 of the Freedom of Information Act 2000, which lists the information made available on a proactive basis.

The Publication scheme is only part of the provision for access to information available under the Act. Any information which is not covered by an exemption will be made available on request.

The minutes of Board meetings and the register of Board members' interests are open to inspection by the public.

The Museum has a whistleblowing policy. There were no matters raised during 2021-22.

Relationship with DCMS As a non-departmental public body, the Museum is sponsored by DCMS. This relationship is formalised via the Funding Agreement and a Management Agreement.

The Secretary of State for Digital, Culture, Media and Sport acts as the principal regulator for the Museum as an exempt charity.

Group entities The Museum's accounts are a consolidation of the following:

- The Natural History Museum;
- The Natural History Museum Trading Company Ltd.;
- The Natural History Museum Special Funds Trust; and
- The Natural History Museum Benevolent Fund.

Objectives and Activities

Mission and Vision **Our mission** is to create advocates for the planet.

Our vision is of a future where both people and the planet thrive. To achieve this, we will harness the powerful combination of our three key assets: our collection, our scientific research and our reach to a worldwide audience.

Objectives

We face a planetary emergency. Humanity's future depends on the natural world, but we are not taking effective action to combat our destructive impact on the planet's survival systems. Global warming, biodiversity loss and extinctions, habitat destruction, waste, plastic, air and water pollution, erosion, soil loss, deforestation, desertification, ocean acidification, the loss of coral reefs and other crises all flow from unsustainable human activity. By threatening Earth's natural systems, we threaten our own future. We must act now, we must act on scientific evidence and we must act together.

Our strategy to 2031, the 150th anniversary of the Natural History Museum opening at South Kensington, was published in January 2020. It sets out the part the Natural History Museum will play as a global, scientific and cultural leader. Our five interlinked strategic priorities will drive our activities to 2031. These are:

- Secure the future of our collection: ensuring our collection is safe, accessible and digitally available – for future innovations and generations.
- Transform the study of natural history: applying technological innovations to our collections, collecting and science, bringing benefits to people and planet. Training future generations of scientists.
- Develop our gardens and galleries: creating new spaces, inside and out, combining heritage and experience to connect to nature.
- Engage and involve the widest possible audience: reaching out nationally and globally, onsite and online to create advocates for the planet.
- Create a resilient and sustainable organisation: investing in people, technology and our estate. Striving towards financial and environmental sustainability.

The focus areas will enable us to combine our key assets and make a step change by 2031. Three early focus areas being developed are:

- UK Biodiversity: partnering in the Darwin Tree of Life Project to read the genomes of complex species in the UK as part of the Earth BioGenome Project, and, through our Urban Nature Project, working with partners and communities to tackle the pressing challenges being faced by the UK's urban nature.
- Lessons from the Dinosaurs: using dinosaurs to build understanding of critical concepts such as extinction, change, adaptation and diversity from a young age and working towards our long term ambition of creating a new world-

leading dinosaur gallery which helps the public understand the present and the future that we are currently heading towards.

- The Age of Humans: explain how humans are the single most influential species on the planet and focussing our science and engagement to help people understand what our planet has undergone in the past, how life has responded to environmental changes, and in so doing finding ways to more effectively predict, plan and effect change for the future.

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction of the Museum.

Achievements and activities during 2021-22

Responding to COVID-19 and welcoming visitors back

We started the financial year with our sites at South Kensington and Tring closed to the public following the lockdown at the end of 2020. We were able to reopen again in line with COVID-19 guidance as soon we were allowed to on the 17 May 2021 and have been able to remain open since then. While we have still not seen full recovery in our international visitors back to pre-pandemic levels, in 2021 the Natural History Museum was the most visited museum or gallery in the UK. We had 2,381,681 visitors to South Kensington and a further 87,321 visitors at our site in Tring. *Fantastic Beasts: The Wonder of Nature*, developed in partnership with the BBC and Warner Bros. was seen by 135,000 visitor and was shortlisted for the 2022 Museum & Heritage Awards for Partnership of the Year. *Wildlife Photographer of the Year 57* was seen by over 87,000 visitors (and counting) and *Our Broken Planet: How We Got Here and Ways to Fix* was shortlisted for the 2022 Museum & Heritage Awards for Temporary or Touring Exhibition of the Year.

Our Broken Planet: How We Got Here and Ways to Fix It

The Museum's critically acclaimed display *Our Broken Planet: How We Got Here and Ways to Fix It* has already been seen by more than 600,000 visitors. It was accompanied by a programme of 20 events between January 2021 and January 2022, featuring 35 guest speakers from 18 countries. Our scientists appeared alongside speakers from business, science, policy, broadcast media and Indigenous communities as well as young changemakers and artists.

The programme highlighted individuals and communities who are driving solutions-focused action, including:

- actor and activist Jane Fonda
- Indonesian young changemaker Melati Wijsen, who at 16 years old co-founded NGOs *Bye Bye Plastic Bags* and *Youthtopia*
- Samoan Indigenous activist Brianna Fruean, who addressed world leaders at the opening of COP26
- UNICEF Pacific Ambassador and Miss Solomon Islands 2019/2020 Gladys Habu
- Indian Indigenous youth advisor to the UN Secretary-General Archana Soreng.

The online events programme connected the Museum's young audiences with the urgent global issues we face in the planetary emergency, including:

- the rise of eco-anxiety in young people
- the rise in zoonotic diseases
- biodiversity loss and extinction
- climate migration
- mining for the green economy
- just energy transition.

The Museum also partnered with the British Council as part of their 2021 #Reconnect Festival under the Our Broken Planet banner.

The Natural History Museum Science and Digitisation Centre

Funding of £182m for the NHM Science and Digitisation Centre was awarded by the Government in March 2020. Since then, the delivery programme has developed and picked up pace, and significant progress was made during 2021-22 on RIBA stage 2 design, planning for the collections move of 30m specimens and the digitisation activities. A major milestone was achieved in May 2022 with the signing of heads of terms with the University of Reading for a site at Thames Valley Science Park, which was a change from the previous plan for a site at Harwell Science and Innovation Campus.

Urban Nature Project

With support from the National Lottery Heritage Fund, the activities programme completed the development phase and moved into the delivery phase during 2021-22. Working with a network of UK partners this will deliver a national programme of training and activities to inspire the next generation to care for the nature that surrounds them. The project also began RIBA stage 5 for the development of the gardens at South Kensington, with construction planned to start on site in the latter half of 2022.

COP26

In 2021, the Museum delivered a range of activities at COP26 in Glasgow, from attending key events and meetings to a providing live updates via its website.

The Museum published eight films on social media, four of which were produced in Glasgow featuring celebrities, activists and Museum staff. These films achieved more than 78,500 views on Instagram, 22,400 views on Facebook and 39,300 views on Twitter – with the standout success being an interview with TV presenter Chris Packham.

During COP26, the Museum live streamed the summit's Climate Hub events into its Our Broken Planet exhibition, which was on display at the Museum's South Kensington site. It proved to be the most successful week for the exhibition since its opening in May 2021, with it surpassing the milestone of 300,000 visitors.

The week also saw the announcement of the National Education Park initiative in partnership with the Department of Education and generated more than a hundred conversations, including with Dr Mark Carney, Finance Advisor for COP26, and Dr Andrew Steer of the Bezos Earth Fund.

The Museum delivered its own programme of activities at COP26's New York Times Climate Hub – with its scientists featured on the main programme discussing climate and biodiversity with researchers, activists and policymakers. These sessions were live streamed via the New York Times' channels, increasing the reach of these important conversations. The New York Times subsequently donated the 10 fern trees, which were part of the Hub's staging at Glasgow, to the Museum's Urban Nature Project.

The Nature Bar at The New York Times Climate Hub

The Museum also delivered its own curated content in the Nature Bar, designed and organised as a collaborative project with the Voice for Nature Collective. Alongside the more than 50 pieces of programming – which included panels, keynotes and performances – the space encouraged people to connect across disciplines and to discuss solutions that work for both people and the planet.

The installation in the Nature Bar offered a space for people to talk about their own climate feelings and to hear from other people about their own experience of eco-anxiety. The Museum also collaborated with Force of Nature, which was founded in 2019 by then-19-year-old climate activist Clover Hogan, to help bring its Call Your Mother Campaign to Glasgow.

None of this would have been possible without the work and support of Natural History Museum Ambassador David de Rothschild and his team at the Voice for Nature Collective.

International outreach

My Body: My Planet

My Body: My Planet is a research and development project delivered in collaboration with the Museum for the UN, UN Live, and funded by the Wellcome Trust. The goal of the project is to build collaborative partnerships to create and test global cultural interventions on the topic of climate and health in Brazil, England, India and Nigeria.

We will be evaluating how effective it is for museums to use cultural genres to engage young people with the topic of climate and health, with a long-term goal of driving meaningful behaviour change. We aim to empower local institutions in each country by adopting a participatory design process that invites stakeholders, experts and target audience representatives to shape the project designs in an equitable space.

The prototype from the England design cycle was shared online through our social channels and via our newsletter. The challenge, [Wonky Penalties](#), was designed collaboratively with young volunteers and numerous climate, health, and behavioural science experts.

Doing science with Colombia

On 8 March 2022, the Museum co-hosted Doing Science with Colombia with the Embassy of Colombia in London, in a celebration of the scientific collaboration between the two countries. The day celebrated the work both countries have been doing through the Newton Fund and the Global Challenges Research Fund (GCRF).

Touring Exhibitions

Despite the pandemic, the Museum's touring exhibitions had a very successful year in 2021-22, with multiple presentations across the world.

Treasures of the Natural World

From June 2021 to January 2022, the Museum's touring exhibition Treasures of the Natural World went on display at the Melbourne Museum in Australia. With the Museum's rarest and most precious objects and specimens on display, the exhibition attracted more than 50,000 visitors. The exhibition also used recyclable materials and enriched the interpretation with the addition of First Peoples' narratives.

Jurassic Oceans: Monsters of the Deep

In February 2022, the Museum's Jurassic Oceans: Monsters of the Deep touring exhibition opened at the Field Museum in Chicago, US, where it will remain on display until 5 September 2022.

This new exhibition showcases some of the most impressive marine reptiles that inhabited the Jurassic seas millions of years ago, including the skeleton of a long-necked plesiosaur that was mounted for the first time by the Museum's engineering team.

Wildlife Photographer of the Year: Unforgettable Behaviour

In 2021-22, the Wildlife Photographer of the Year: Unforgettable Behaviour exhibition toured 27 venues across 12 countries spanning four continents. We developed the exhibition for the Smithsonian's National Museum of Natural History in Washington D.C., US, and it opened there in November 2021.

The exhibition brought together some of the most remarkable animal behaviour images from the last 20 years of the Wildlife Photographer of the Year Competition.

Our Science

The Winchcombe meteorite

Through the Cultural Gifts Scheme, and alongside The Wilson – Cheltenham Art Gallery and Museum, and the Winchcombe Museum, Museum scientists secured samples of the Winchcombe meteorite, which landed in the UK in February 2021 and resulted in wide public and media interest. A piece of the meteorite, from what is the first meteorite fall recovered in the UK for 30 years, is now on display at South Kensington. Weighing 103 grammes, this fragment was found in a field by Mira Ihasz and a team from the University of Glasgow, and dates back to the birth of the Solar System around 4.5 billion years ago – when our planet was only just beginning to form from a swirl of dust and gas.

Not only is it rare for a meteorite to be recovered from the UK, but this type of meteorite is particularly rare, known as a carbonaceous chondrite. Only around 3,000 of the 70,000 known meteorites found on Earth are carbonaceous chondrites, and only 700 are of this specific type. Museum scientists are actively researching specimens of the Winchcombe meteorite to better understand the formation and history of our Solar System.

The Biodiversity Trends Explorer

In 2021, the Museum developed a tool called the Biodiversity Trends Explorer to track biodiversity change. Led by Professor Andy Purvis, a Museum researcher, the tool brings together abundance data from multiple sources on plants, fungi and animals from around the world to show how local terrestrial biodiversity is responding to human pressures, such as land use change and intensification of agriculture.

From its launch on 10 October 2021 through to 31 March 2022, the Biodiversity Trends Explorer was visited more than 6,850 times. It has also attracted corporate interest, with global investment firm Federated Hermes launching a Biodiversity Equity Fund in April 2022, which uses insights from the Biodiversity Trends Explorer to help inform investment decisions.

A key measure included in the Explorer is the Biodiversity Intactness Index (BII), which shows us what biodiversity should be without human impacts. Museum researchers have mapped intactness across global tropical and subtropical forested areas, the first time for such a wide area of the globe, looking at land use, human population density and road networks, and then modelled human impacts on plants, fungi, invertebrates and vertebrates. They found that BII fell by 1.9% between 2001 and 2012, with 81 countries seeing an average reduction and 43 an average increase; the extent of primary forest fell by 3.9% over the same period.

Digitisation programme

In 2021-22, the Museum's Digitisation Team reached the landmark of five million specimens digitised. In the last year, the team have digitised more than 310,000 specimens, which means that there are now more than five million specimens available on the Museum's Data Portal, open and freely available for science and general public use.

Since the portal's launch, there have been more than 30 billion records downloaded in more than 470,000 download events, as well as more than 1,700 scientific papers that cite the Museum's data. These studies range from application of computer vision to digitised British butterflies to understand how their size changes in relation to temperature through to global assessments of the distribution and conservation status of medicinal plants to understand the factors that drive the invasion risk of bee species.

The five millionth specimen to be digitised was the stonefly *Stenoperla prasine*. This was part of a project to digitise three orders of freshwater insects: Ephemeroptera (mayflies), Plecoptera (stoneflies) and Trichoptera (caddisflies), which are found in freshwater systems across the world. Species within these three orders are important bioindicators, which means that their presence and the size of their populations can give us an idea about the health of a freshwater habitat.

So far, the team has digitised 1.7 million insects, 500,000 fossils and 900,000 plants, including information on where and when they were collected. These specimens provide baselines from before the widespread intensive farming, industrialisation and levels of climate change that we see today.

The value of a digital natural history collection

Natural history collections are a unique record of bio- and geo-diversity going back hundreds of years. The Museum collaborated with the economic consultants Frontier Economics to explore the economic and societal value of digitising natural history collections. They concluded that digitisation has the potential to see a tenfold return on investment, creating benefits worth more than £2 billion over 30 years.

Natural history museums could help fight future pandemics

The world has been significantly impacted by the COVID-19 pandemic. The specific origin of the virus remains unknown, but the Museum's collections could help to address such challenges.

In 2021, scientists at the Museum created a knowledge base using data from bat specimens held in natural history collections. Data on three bat families will be released on an open platform and made available to researchers all over the world. Better availability of bat data will help to clarify the origins of the COVID-19 virus, and may even help mitigate the risk of future pandemics.

Research funding success

Success in competitive funding is an essential part of the Museum's science, driving new science and ideas, enabling collaboration and multidisciplinary international reach, and demonstrating relevance to emerging challenges. We've secured a series of awards in the year, with grants including £195k from UKRI-NERC/NSF to explore the evolution and development of marine organisms and ecosystems; £325k from the Leverhulme Trust to use advanced imaging and machine learning to investigate the function and evolution and evolution of the skull; £315k from UKRI-AHRC for innovation and development of digital humanities research across multiple institutions, focusing on the legacy of Sir Hans Sloane; and £409k for the Museum's role in the Wellcome-funded Schistosome and Snail Resource that will provide scientific infrastructure for schistosomiasis research worldwide, combatting this Neglected Tropical Disease that impacts millions of lives.

Combatting parasitic disease

We have seen successful completion of the Museum's five-year US\$21m Gates Foundation-funded DeWorm3 programme, that combats the neglected tropical disease challenge of soil-transmitted parasitic helminth worms, which negatively impact the health of 1.5 billion people around the world. This programme linked our international scientific research expertise with public health collaborators in India, Benin and Malawi, treating 300,000 people and generating essential evidence necessary for future effective health policy. Overall success of the intervention will

be assessed in 2023, led by in-country partners and the University of Washington, to see to what extent parasite transmission has been interrupted.

Minerals for a green future

Providing solutions for the future is a core part of the Museum's mission, and we are increasingly involved in critical minerals policy and research to support the transition to green technologies. Museum scientists gave select committee evidence and advice to government, including on mined raw materials such as cobalt and lithium that will be needed for battery-operated vehicles. The Museum's science combines exploration, mining and processing, including nature-positive techniques to protect the planet.

Plastic threats to marine systems

Plastics are a growing threat to marine environments and wildlife. In addition to investigation of seabird impacts, Museum bird research looked at accumulated beach plastics from the uninhabited and isolated South Pacific Henderson Island, finding increasing beach microplastic particles between 2015 and 2019. This totalled an estimated >4 billion plastic particles for the whole beach in the upper five centimetres, indicating the possibility of widespread potential impact on filter feeding organisms at the base of the food chain. A separate study by Museum coral researchers to develop methods to inform pollution control looked at marine litter on six reefs in Malaysia, using data from video transects. Plastics represent 91% of the litter found and the remaining 9% were metal, glass, and wood, with discarded fishing gear accounting for 25%.

Digital crocodiles

The Museum's advanced CT imaging and informatics underpinned ground-breaking research on the evolution of the skull of crocodyliforms – a large group including crocodiles that first emerged in the later Triassic. The evidence showed that the pace of cranial evolution in ancient groups varied considerably over time, with changing anatomy relating to jaw closing and bite force production. New research use of advanced technology is regularly linked to collaboration with manufacturers, extending the potential and value of the technology, as well as enabling new science.

Venom research

Work on genes and venoms has generated the first ever profile of pseudoscorpion venom, uncovering a range of novel compounds and providing a basis for future research and potential applications. Using a combination of molecular biology techniques in transcriptomics and proteomics it gives detailed insights into the paralyzing fast-acting venom used by these tiny animals to subdue their prey.

British Bronze Age populations

A fascination with the human past results in widespread media coverage, including of a wide-ranging study from the Museum's ancient DNA group of the ancient genetics of prehistoric Europe. This has shown a more than 90 per cent shift in populations in late stone age and Early Bronze Age Britain (c. 2450-1600 BC). Communities migrated from other parts of Europe over almost 16 generations, joining existing groups descended from Neolithic populations.

All Colombian butterflies published

Based on extensive collaboration and expertise, Museum butterfly curator Blanca Huertas' new book gives complete coverage of the 3,642 butterfly species and 2,085 subspecies found in Colombia to date. As a free online publication in English and Spanish it will provide open access, and continuing development will ensure this continues as the main reference inventory for Colombian butterflies, supporting biodiversity monitoring and conservation.

New discoveries new tools

In 2021, Museum scientists described 552 new species, including worms from one of the most remote environments on Earth, and jewel-like beetles. Each new species, when added into the collections, allows scientists to better understand how life on our planet – both past and present – is critical for our survival. Our dinosaur researchers bring cutting edge science to the public, changing perceptions and increasing access. Collaborating with Chinese colleagues, they have this year newly described what may be the earliest species of armoured stegosaurs and ankylosaurs, which subsequently rapidly colonised the rest of the world.

Huge Jurassic seabed uncovered in Cotswolds quarry

In the summer of 2021, Museum scientists uncovered thousands of perfectly preserved Jurassic fossils in a sleepy area of the Cotswolds. These significant specimens of starfish, sea urchins and sea cucumbers can help tell us about marine life in the mid Jurassic and the evolution of these creatures.

Our supporters

Membership

Our members are incredibly important to us, and we continued to engage with them through a range of unique onsite and online activities during 2021-22.

As a result, and as COVID-19 restrictions eased, the membership base reached record numbers exceeding 18,000.

Patrons

We extend our gratitude to the Patrons Circle whose generosity supports activities from the Museum's learning programmes to the care and development of the collections. Our Patrons remained committed advocates during 2021-22, we welcomed Patrons back onsite to engage with the work they enabled through bespoke opportunities and inspiring events.

Highlights included the November's Patrons Open House, which showcased the science being carried out by the Museum, with insights into developing research projects. This was followed by the Patrons Private View of the Wildlife Photographer of the Year in January 2022 and, in February, Patrons were given a unique opportunity to visit our off-site collection – a treasure trove of natural history.

Supporter engagement

In 2021-22, we launched our first integrated public appeal and In-Celebration/In-Memory programme to raise £650,000 for our Urban Nature Project. Our loyal supporters were invited to make their mark in support of nature with a once-in-a-lifetime opportunity to have their name, or the name of a loved one, commemorated in the Museum's new gardens, as part of the Urban Nature Project. before anyone else.

Philanthropy

Philanthropic support has a critical and significant impact on our work. In 2021-22, we were delighted to receive a major £3 million pledge from the Calleva Foundation to fund our research into human evolution. This brings the Calleva Foundation's total support of this vital research to more than £10 million since 2011.

The Urban Nature Project campaign was spearheaded with leading donations from the National Heritage Lottery Fund, Wolfson Foundation, Wilson and Olegario Philanthropy and the Kusuma Trust, taking us to £14.8 million of our £19.6 million target.

We are also pleased to receive renewed support from Lord Leonard and Lady Estelle Wolfson for Dawnosaurus – a programme offering tailored experiences for

neurodiverse audiences, which is back by popular demand following the easing of COVID-19 restrictions.

We thank all our supporters in 2021-22 for their generosity.

Our colleagues

We have recognised that COVID-19 has had a lasting impact on our ways of working, As result we have continued wherever possible with the hybrid and flexible approach that evolved during the pandemic, balancing business and staff needs.

Diversity in the Museum

The Museum has been working hard to become a more equal, diverse and inclusive organisation and has been gathering and evaluating data on its workforce to help do this.

- Black, Asian and minority ethnicities made up 13.7% of the workforce, with a further 3.1% of staff not disclosing their ethnicity.
- 7.5% of the workforce self-define as disabled (up from 5% in 2020-21)
- 8.8% of the workforce identified as lesbian, gay, bisexual, or other sexuality (up from 7% in 2020-21)
- 58.3% of staff identified as a woman (up from 56.2% in 2020-21), 40.6% as a man (down from 42.9% in 2020-21) and 1% as non-binary (up from 0.9% in 2020-21).
- 0.6% of the workforce held a gender identity that was not the one assigned at birth.
- 6.3% of the workplace reported holding a religion or belief

Our vision is of a future where both people and the planet thrive. Diversity is one of our core values and we strive to build a workplace where everyone feels a sense of belonging. All new staff who join us learn about the importance of diversity and inclusion to the Museum and how to contribute to creating an inclusive environment.

We know we have more to do and we have developed a strategy and action plan to enable us to meet our diversity and inclusion aims. We are committed to ensuring that everyone who works at the Museum feels they can thrive and feel valued and respected.

We also believe that transparency is key which is why we have voluntarily published our Ethnicity Pay Gap alongside our Gender Pay Gap.

The Museum and the Kickstart scheme

One of the initiatives we have driven forward to support our aim to diversify the Museum workforce was the Kickstart Scheme. This Department for Work and Pensions programme supported employers to create six-month work placements for young people aged 16-24 who were on universal credit and at risk of long-term unemployment.

By the end of the programme in March 2022, the Museum had placed 31 young people in departments including Human Resources, Digital and Communications, Exhibitions and Interpretation, Science collections and research, Visitor Events and the Urban Nature Project. The energy and enthusiasm that the Kickstarters have brought to the Museum has been inspiring and several have moved on to other roles within the Museum.

This was an ambitious and pioneering project for the Museum and provided a valuable insight on how to engage young people from lots of different backgrounds who may not have thought working in a museum was for them. We will use this experience to support and engage further young people going forward and especially applicants for our early career's apprenticeship programme.

Our shop

In 2021-22 the Museum made sustainable decisions on its shop products and operations. All Museum-branded plush toys now have a 100%-recycled plastic filling – this will have a significant positive impact given that more than 100,000 units are sold per year. We reused 796 kilogrammes of cardboard from deliveries as ecommerce packaging from November 2020 to September 2021. We sold 6,768 Museum tote bags made from 80% PCW and 20% PIW R-PET, saving 406 kilogrammes of plastic from being wasted.

We also launched new ranges to showcase our commitment to sustainability. These products reduce our impact on the planet by focusing on reduced plastic use and recycled or organic cotton.

- Our 2021 Christmas jumper was made from 80% recycled cotton and 20% recycled water bottles.
- Our 2021 Christmas decorations were 100% plastic free and were made from materials including felt or Forest Stewardship Council-certified wood.
- We launched a range of carbon-negative gins. These gins remove one kilogramme of carbon dioxide through carbon offsetting and the planting of one square metre of UK woodland per bottle.
- We sourced jewellery featuring Hope the whale that was made from sustainable materials and that supported social enterprise projects.
- Ten of our t-shirt styles are now made from organic cotton, and the rest of the range will follow suit in 2022.
- The Botanical Scent Collection we stock features organic ingredients and our supplier supplements their energy consumption with solar power and funds tree planting as members of Ecologi.

Plans for 2022-23

The Museum saw a recovery in visitor numbers during the latter part of 2021-22 once restrictions eased which meant capacity limits could be increased, and we anticipate a much stronger recovery during 2022-23 with the return of international tourism.

An operating plan is in place for the year to ensure that key objectives are resourced and monitored. These include reaching key milestones for the NHM Science and Digitisation Centre, formerly NHM@Harwell, and we are planning to finalise the land deal at the Thames Valley Science Park with the University of Reading, and progress through to RIBA (Royal Institute of British Architects) stage 3 of construction.

The Urban Nature Programme will commence, with the signing of the construction contract for the redevelopment at South Kensington, alongside delivering a series of national educational and community programmes to encourage engagement with biodiversity in our urban areas.

At South Kensington, the Museum opens Dippy Returns: The Nation's Favourite Dinosaur in May 2022. The free exhibition, Our Broken Planet: How We Got Here and Ways to Fix It, will conclude in August 2022 with the ever-popular Wildlife Photographer of the Year opening in late autumn showcasing the winning entries from the 58th competition. We will also be seeking a partner to host Dippy for a long-term loan.

Our Jurassic Oceans: Monsters of the Deep exhibition is showing at the Field Museum in Chicago until the Autumn and Fantastic Beasts: The Wonder of Nature opens in June 2022 at the Royal Ontario Museum in Toronto.

Results of the Natural History Museum and consolidated subsidiaries

The financial position for 2021-22 continued to be affected by the impact of COVID-19 on self-generated income, and this will remain so until visitor numbers return to pre-pandemic levels of over 5m per annum, given the importance of visitor-related income. However, the re-opening to the public on 17 May 2021 did contribute to an overall growth in total income by £15.0m to £97.4m (2021: £82.4m). This includes COVID-19 support funding of £9.0m from the Government (2021: £10.1m) and also use of the Coronavirus Job Retention Scheme (CJRS) to fund salary costs of £0.1m (2021: £3.1m). Non-government income increased by £17.6m to £36.6m (2021: £19.0m) though this remains over £8m below the comparable figure for 2019-20.

Expenditure continued to be controlled, including a second year of pay freeze, as activity, both public and non-public facing, and trading activities, returned on and off site, though overall total expenditure increased by £7.2m in the year to £89.5m (2021: £82.3m).

As a result, there was an overall consolidated surplus for the year before gains and losses on investments and revaluation of £7.9m (2021: £0.1m surplus). Without COVID-19 support and use of the CJRS there would have been a deficit of £1.2m. After adjusting for depreciation, amortisation and loss on disposal of fixed assets (being non-cash items), which is considered a more meaningful indicator of in year financial performance, there was an overall surplus of £22.5m (2021: £14.9m surplus) which reduces to a surplus of £13.4m (2021: £1.7m surplus) without COVID-19 support and use of the CJRS.

Available reserves at 31 March 2022, as represented by current assets less liabilities, amounted to £32.5m (2021: £16.3m). This includes the general fund, the unrestricted and non-designated reserve, which amounted to £5.0m (2021: £4.0m). This is £1m above the minimum reserve figure of £4m approved by Trustees as part of the annual budgeting process and is held to manage cash flow and budgetary risks. Designated cash reserves amounted to £18.7m including funds held to underpin capital expenditure on the Urban Nature Project though to 2023-24, committed expenditure on estate infrastructure improvements and other critical and future strategic investment. In addition, there were reserves of £1.6m held within the designated fund for future scientific research (2021: £1.3m), and £6.7m (2021: £2.6m) held within restricted funds for future investment in capital projects and activities.

These figures are summarised below:

	2022	2021
	£m	£m
Net income for the year before depreciation, amortisation, losses on disposal, asset indexation and revaluation	22.5	14.9
Net income for the year excluding additional government COVID-19 support and CJRS	13.4	1.7
General Fund	5.0	4.0
Current assets less liabilities	32.5	16.3

Capital expenditure for the year (tangible fixed assets) amounted to £5.8m (2021: £10.0m) including significant expenditure on core estate infrastructure including fire precautions work, commencement of the re-roofing of the Waterhouse Building western roofs, progression of the development of the gardens at South Kensington for the Urban Nature Project, and further investment in scientific equipment and IT infrastructure.

Total net assets at 31 March 2022 amounted to £680m (2021: £651m) of which £101.1m is restricted (2021: £96.2m). Total fixed assets of £647m. (2021: £635m) accounted for the majority of the total assets and predominantly reflect land and buildings such as the Waterhouse Building, and the Museum's collection. These buildings are not realisable assets and maintaining them creates an ongoing strain on resources.

The Natural History Museum Trading Company Limited

The Museum established a trading company, The Natural History Museum Trading Company Limited, on 1 April 1994. It comprises the activities of retailing, venue hire, catering, brand management, the picture library, touring exhibitions, the Wildlife Photographer of the Year Competition, catering and consultancy.

Profit for the year amounted to £4,634k (2021: £963k loss). After adjusting the profit for the prior year loss, a payment of £3,671k (2021: no payment) will be made to the Museum under a deed of covenant.

The key risks to business performance for the Trading Company are those which impact upon the volume of visitors to the Museum including tourism in London, those which relate to carrying out international business and the overall state of the economy, all of which will continue to be affected by the impact of COVID-19 and inflationary pressures for the foreseeable future. The Museum re-opened to the general public on 17 May 2021 in line with Government restrictions which allowed for many of the business activities to recommence, following a significant reduction in activity for 2020-21. The Directors of the Trading Company continue to adopt the going concern basis for preparing its accounts.

The results of the Trading Company are included in the Museum's consolidated accounts and are summarised in note 12.

The registered office of the Trading Company is at The Natural History Museum, Cromwell Road, London SW7 5BD.

The Benevolent Fund

The Benevolent Fund was established by the British Museum Trustees on 14 March 1936 having been passed to the Trustees by Dr G. E. Herbert Smith. The income from the fund is to be used "to assist members of staff, in particular those less well paid, who may fall upon misfortune". Assistance is usually given by way of small grants or interest free loans to members of staff.

The balance of funds held at 31 March 2022 was £52.5k (2021: £49.1k).

The Special Funds Trust

The Natural History Museum Special Funds Trust governs a scheme set up in 2000 to consolidate and administer a number of individual funds. The Trust applies the income in or towards the furtherance of the work of the Museum for which provision is not made from public funds. Funds are allocated with due consideration to the intentions of the original funds.

The balance of funds held at 31 March 2022 was £6.8m (2021: £6.3m).

The Funding Agreement

The Museum has a Funding Agreement with DCMS which sets out what the Government expects the Museum to deliver for the Grant-in-Aid it receives. The current funding allocation covers the period to 2024-25.

The Grant-in-Aid for the period 2021-22 to 2024-25 is as follows:

	2022	2023	2024	2025
	£'000	£'000	£'000	£'000
Resource Grant-in-Aid	41,614	42,703	42,008	42,092
Additional Grant-in-Aid for coronavirus support	8,998	3,100	–	–
Capital Grant-in-Aid				
Baseline	2,300	2,346	2,393	2,441
NHM Science and Digitisation Centre	3,150	17,800	34,400	74,100
Public Bodies Infrastructure fund	4,605	10,700	15,900	13,700
Total	60,667	76,649	78,101	132,333

The Museum received coronavirus support funding from DCMS of £9.0m (2021: £10.1m) in the year. Coronavirus support for 2022-23 amounts to £3.1m dependent on continuing assessment of need, taking account of income and expenditure during the year.

Additional capital Grant-in-Aid of £4.605m was received in 2021-22 under the Public Bodies Infrastructure Fund to further support investment in fire precautions measures and other infrastructure renewal projects at South Kensington. For 2022-23 to 2024-25 the Museum has been provisionally allocated an additional £40.3m to continue fire precautions work, replace the roofs of the western galleries in the Waterhouse Building and undertake other critical infrastructure projects.

As part of the £182m awarded in March 2020 for the new NHM Science and Digitisation centre the Museum received £3.15m in 2021-22 with the third year's funding allocation reprofiled at £17.8m for 2022-23. Actual funds drawn down may differ and are subject to approval of the business case at specific stages.

For the purposes of consolidated budgeting and monitoring with DCMS during the year, reflecting HM Treasury guidance, a budget of £4.074m for the Museum's net operational non-capital research spend is reallocated to Capital Grant-in-Aid, thereby reflecting budgeting totals for 2021-22 of £37.54m for Resource Grant-in-Aid before COVID-19 Support and £14.129m for Capital Grant-in-Aid.

Financial risks arising from COVID –19, Brexit, inflation and the conflict in Ukraine

The Museum is dependent on self-generated income to fully deliver its strategic, charitable and statutory objectives. COVID-19 had, and continues to have, an impact on all of these income streams for the foreseeable future while we wait for the full recovery of overseas tourism, and any projections on future income streams are dependent on international restrictions continuing to ease and no significant new variants necessitating further lockdowns. This includes income streams that are related to public visitors, sponsorship and philanthropy, touring exhibitions, and others related to the state of the economy. Following a successful year's trading and the outcome of the Government's Spending Review in 2021 and as result of continuing COVID-19 support, the Museum is in a better position to manage these risks than in the previous year.

The Museum continues to receive EU funding in line with those grants which were awarded prior to 31 December 2020. We are not eligible to apply directly for new awards, and while this may impact on science research funding, it does not lead to significant financial risk.

Inflation increases in energy and other costs are managed as a whole or individual basis as appropriate. In terms of energy, the Museum purchases via The Energy Consortium and has some degree of short term protection from forward contracts and in the longer term is continuing with a programme of energy saving measures in order to reduce its carbon output and costs.

The conflict in Ukraine and Russian financial sanctions does not directly expose the Museum to any financial risks.

Details of key strategic risks and mitigating actions are provided as part of the Governance Statement on page 29.

Reserves policy

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves (i.e. those funds that are not restricted or tied up as fixed assets), in particular the unrestricted General Reserve, appropriate to the scale, complexity and risk profile of the Museum. This takes into consideration the funding base which includes under the funding agreement with DCMS which covers the period 2022-23 to 2024-25 and self-generated trading income, scientific grant income and sponsorship, which can be variable.

The level of reserves was set to provide a comfort level for shortfalls in income and to underpin cash flow and budgetary risks particularly arising from capital expenditure projects, not the exceptional circumstances of COVID-19. Taking an overall view of the annual operational expenditure and level of comfort required the Trustees approved at their Board meeting in February 2022 a minimum level of unrestricted general fund of £4m. At 31 March 2022 the general fund amounted to £1.0m more than the minimum at £5.0m.

Trustees also designate funds for specific projects and activities. Designations currently include funds to underpin investment in the Urban Nature Project, critical and strategic investment in estate infrastructure, public space and gallery development and for scientific research which have been derived over a number of years from income from scientific activities exceeding an annual target.

Investment powers and policy

The Museum's investment powers are established in its Management Agreement with DCMS. This states that the Museum may not invest Grant-in-Aid income but that the Museum is free to invest non-Grant income in line with the relevant Charity Commission guidance on investments.

The Museum invests cash balances in accordance with its Investment Policy. The Policy addresses management of liquidity, credit, interest rate, procedural and foreign currency risk and the stated aim of the Policy is to achieve a balance between income and growth with moderate to low risk. Investments are currently held in mixed portfolio funds to achieve this aim.

Sustainability

The Museum is committed to reaching net zero carbon as fast as we can and in 2020-21 we launched our [Sustainable by Nature Plan](#) which sets out how this will be achieved by 2035.

The Museum's full sustainability data will be published later in the year by The Department for Food and Rural Affairs as part of the Greening Government Commitments report.

	2022	2021	2020
Greenhouse gas emissions Scope 1 & 2 (tonnes CO ₂)	11,169	11,196	10,743
Energy consumption (MWh)	36,019	34,792	32,458
Water consumption (m ³)	58,124	47,026	91,985
Waste (tonnes)	271	130	669

Overall total scope 1 and 2 emissions have reduced by 3% when compared to the previous year, yet total energy consumption has increased by 4%; this is the third consecutive year that there has been an increase in consumption. Plans are in place to recruit an energy manager during 2022-23 and as part of the new 15 year contract with Vital Energi Ltd at the South Kensington site, energy conservation measures will be identified each year in order to reverse the current trend. Though

the Museum was closed during much of 2020-21, much of the Museum's energy usage is not dependent on the opening and closure of the Museum.

The Museum's direct waste impacts normally include waste generated by on-site catering facilities, office-based activities, scientific laboratories and imaging suites, development, production and de-installation of exhibitions, and building construction projects. The Museum provides recycling facilities for a large number of office materials, electrical equipment, scrap metal and food waste. Indirect waste impacts normally include waste generated by visitors, contractors and suppliers. Visitor waste and recycling facilities are available in the internal public picnic areas and at entrance and exit points to the Museum. Much of the reduction in waste in 2020-21 was due to the Museum closure and most staff working from home.

Water is used across the Museum sites through provision of bathroom facilities, on-site catering facilities, scientific laboratories, production and de-installation of exhibitions and building and construction projects, and office-based activities. The indirect impacts on water consumption include the influence of visitor numbers on water usage. In general, and alongside the entire Museum estate, the water infrastructure is ageing which increases the associated risk of significant leaks. Water infrastructure improvements are included within relevant project scopes where economically feasible.

This year our overall waste production has increased which is expected with the re-opening of the Museum, producing almost 20% more waste than in 2020-21. However, waste levels remain lower than previous years due to periods of closure in 2021-22.

Achievements and activities in the year 2021-22

The Museum plans on taking the opportunity to ensure ultra low emissions vehicles are included in our leased vehicles when we re-tender. We also updated our travel policy to ensure low cost carbon options are considered first and we also commit to not flying within the UK.

The Museum is committed to zero waste to landfill, the only exception to this is for asbestos where there is no other alternative and these quantities are very low.

We currently measure and report on food waste and this year, following a successful trial, implemented another food caddy into another of our staff common rooms.

Furniture is reused wherever possible within the Museum and this is being managed and tracked by our space planner and sustainability team. ICT hardware is also reused where possible through a specialist contractor.

Our paper usage has reduced by 31% compared to our 2017-18 baseline and we are hopeful that the recent re-tender and planned reduction on our Multi-function devices will help drive further reductions in printing.

Our operational recycling rate remains on average around 50% and the Museum plans on identifying opportunities to increase this to 60% by 2023. This year, a waste audit was undertaken on our catering outlets and it is hoped that this will help reduce the volumes of general waste being produced.

Our water consumption has reduced by 40% over the last two years due to closures. Whilst our water consumption is metered, the Museum recognises that more work could be done in this area to understand usage and reduce.

The Sustainability team work closely with the Procurement Team to integrate sustainability considerations into the Museum's purchasing activity.

As part of our Urban Nature Project, we have been developing a participative programme of science and learning activities across the country to connect people with nature. This is delivered through a comprehensive national programme providing the skills, opportunities and digital tools for a wide audience to better understand, manage and protect urban biodiversity, including resources, training, activities, and research.

Climate change is now a recognised risk on the Museum's risk universe and one of the targets for the Science and Digitisation Centre project is the development of a Climate Change Adaption plan for the building.

Our ICT teams procure the services of a specialist provider that reuse and recycle our ICT equipment, rebating the Museum on some items.

Fundraising Regulation

The Natural History Museum Trustees oversee a range of fundraising activities which support the vital work of the Museum in a long-term and sustainable manner and in line with our mission and values. No professional agents are used for fundraising directly to the public and members of staff engaged in fundraising activities are subject to cross-Museum policies alongside departmental procedures, standards and guidelines. A Donor Stewardship Matrix is in place to ensure our supporters are communicated with appropriately and carefully, and all staff receive ongoing training to ensure they act in accordance with the highest legal, ethical and professional standards. This includes safeguarding people from unreasonable intrusion on their privacy and undue pressure to donate. The Museum has also signed up to receiving suppressions under the Fundraising Preference Service.

The Trustees receive progress reports throughout the year in order to review and oversee all aspects of fundraising as part of their statutory responsibilities. The Museum has a number of feedback mechanisms in place for the public as detailed on its website, and responds to all questions, complaints and comments in a timely and transparent way. No fundraising complaints have been received by the Museum in 2021-22 (2021: nil).

The Museum is registered with the Fundraising Regulator, pays its annual levy and reviews all relevant working practices in order to ensure full compliance with the regulator's Fundraising Promise and the Code of Fundraising Practice on an ongoing basis.

Payment of creditors

The Museum observes the principles of the Better Payment Practice Code in ensuring that creditors should be paid within the terms of credit. The Museum policy is that creditors are paid within 30 days of invoice date unless separate arrangements have been contractually agreed.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

13 July 2022

Dr Douglas Gurr
Director and Accounting Officer

Appendix 1**Performance indicator information, including those indicators listed in the Funding Agreement**

Performance indicator	2022 Outturn	2021 Outturn	2020 Outturn	2019 Outturn	2018 Outturn
Number of days open^[4]	312	85	349	362	362
Visitors					
Total number of visitors (South Kensington and Tring) (k) ^[1]	2,469	302	5,304	5,493	4,712
Number of child visitors (k) ^{[1][2]}	788	94	1,252	1,512	1,192
Number of over 60s visitors (k) ^[2]	203	15	437	343	291
Number of UK visitors from lower socio-economic groups (NS-SEC Groups 5-8) aged 16 and over (k) ^[2]	244	53	198	227	219
% of visitors who thought the museum was excellent/ good ^[2]	90	94	99	98	96
Digital					
Number of unique website visits (m) ^[1]	17.3	15.3	14.3	12.8	9.9
Learning					
Facilitated and self-directed visits by visitors under 18 years old and in formal education (k) ^{[1][3]}	40.4	-	259.9	231.2	209.7
The number of instances where visitors under 18 years old have participated in on-site activities (k) ^{[1][3]}	55.3	10.5	269.5	300.0	290.0
Science					
Number of peer reviewed research publications	494	878	511	482	530
Value of major research grants won (£m total value to the Museum)	3.0	5.0	6.8	4.4	5.4
Number of visitor days for visiting researchers	3,041	77	12,901	15,125	12,721
Number of UK loan venues ^[1]	209	201	97	96	45
Number of enquiries to Science Group	1,199	4,991	7,061	4,501	7,787
Income generation					
Gross income from admissions (£m)	3.84	0.21	2.85	3.46	3.58
Net income/(loss) from trading activities (£m) ^[1]	10.3	-1.4	9.6	9.0	6.6
Fundraising income (£m)	6.4	3.0	6.9	6.6	6.3
Charitable giving					
Total income from charitable giving (£m) ^[1]	6.7	2.8	8.7	7.7	6.9
Charitable giving as a % of Grant-in-Aid ^[1]	11	5	19	18	17

[1] DCMS key and additional performance indicators from the Management Agreement.

[2] In 2020-21 a new approach to surveying had to be taken as the methodology of sampling previously followed was not possible in a COVID-19 environment. Therefore, numbers are not directly comparable to previous years.

[3] Due to lockdown and social distancing requirements in 2020-21 there were no formal education visits onsite and the offer of onsite activities was reduced.

[4] The number of days open for the year ended in 2020 has been restated from 363 to 349.

Report on the Remuneration of Senior Management

The senior management of the Museum are considered to be the Executive Board, with whom responsibility and delegated authority for the management of the Museum rests. The Executive Board is under the leadership of the Director of the Museum, who is appointed by the Board of Trustees, and who, as the Accounting Officer, is responsible to Parliament. The Executive Board reflects the functional operation of the Museum.

The Trustees receive no remuneration.

Service contracts

Senior management appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

The senior management of the Museum hold appointments which are open-ended with a notice period of six months. Termination payments are in accordance with contractual terms. During the year 2021-2022 there were no compensation or severance payments to senior management.

Remuneration Committee

The Board of Trustees has established a Remuneration Committee to support it in undertaking its responsibilities for overseeing the performance and remuneration of the Museum's senior management. In particular, it oversees the performance and remuneration of the Museum Director and receives and approves recommendations from the Director with regard to the remuneration of other senior managers.

The membership of the Remuneration Committee for 2021-22 comprised:

The Lord Green of Hurstpierpoint
Professor Dame Janet Thornton DBE FRS
Dame Frances Cairncross DBE FRSE

The Director and the Director of Human Resources attend any meetings which review senior management remuneration except for discussion concerning their own pay and performance.

Policy on the remuneration of senior managers for current and future financial year

At the beginning of the year, senior managers are set objectives based on the Museum's strategic plan, which aligns to the delivery of the Museum Strategy. At the end of the year they are assessed by the Director on how far they have achieved their objectives and their performance is rated accordingly. The Chairman of Trustees assesses and rates the Director's performance. All ratings are then reviewed by the Remuneration Committee. All components of senior managers' remuneration, including an incentive bonus scheme, are dependent on affordability, delivery and performance. No bonuses were paid in 2021-22.

When determining salary levels, a number of factors are taken into account:

- the projected budget for the annual staff settlement;
- salary levels internally and in the market place (through salary surveys);
- job size and whether this has changed over the period (through formal evaluation, where applicable);
- the performance and contribution of the individual over the period, assessed through performance appraisal; and
- issues of retention.

The Director is eligible for a bonus up to a maximum of 15% of gross salary. This is determined by an assessment of his performance and achievement of delivery targets carried out by the Chair of the Trustees which is reviewed and confirmed by the Remuneration Committee.

Senior management other than the Director are eligible for a bonus up to a maximum of 7.5% of their gross salary, based upon achievement of their objectives and their performance, as assessed by the Director and reviewed and confirmed by the Remuneration Committee.

No bonuses were paid in 2021-22 to either the Director or the Executive Board.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the Museum.

Remuneration

	Salary (£000)		Bonus payments (£000)		Benefits in kind (£000)		Pension benefits (£000) ¹		Total (£000)	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Dr Douglas Gurr <i>Museum Director, Accounting Officer (from 1 Dec 2020)</i>	175-180	55-60 (FTE 175-180)	–	–	4.9	1.5	–	–	175-180	55-60
Neil Greenwood <i>Executive Director of Finance and Corporate Services (to 30 Sep; from 1 Dec 2020)</i>	120-125	125-130	–	–	–	–	14	76	135-140	225-230
<i>Acting Museum Director (from 1 Oct to 30 Nov 2020)</i>	–	25-30 (FTE 150-155)	–	–	–	–	–	–	–	–
Fiona McWilliams <i>Executive Director of Development</i>	120-125	120-125	–	–	–	–	48	48	165-170	165-170
Clare Matterson CBE <i>Executive Director of Engagement</i>	145-150	145-150	–	–	–	–	–	–	145-150	145-150
Dr Tim Littlewood <i>Executive Director of Science</i>	120-125	120-125	–	–	–	–	(8)	42	110-115	160-165

The above information has been subject to audit.

Salary

'Salary' includes gross salary; and any allowance to the extent that it is subject to UK taxation. Bonus payments are shown separately in the remuneration table. This presentation is based on payments made by the Museum and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The Museum Director has use of the Lodge on the Museum's South Kensington site for accommodation. The costs of utility services provided to the Lodge are met by the Museum Director.

Pay multiples

Reporting bodies are required to disclose the relationship between remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest-paid director in the financial year 2021-22 was £175,000-£180,000 (2021: £175,000-£180,000). This was 5.2 times the median salary of the workforce (based on permanent and fixed term appointment staff), which was £34,421 (2021: 5.2 times the median of £34,421). The upper quartile salary was £41,111 (2021: £41,306), with the highest paid director salary being 4.3 times this (2021: 4.2). The lower quartile salary was £28,347 (2021: £29,382), with the highest paid director being paid 6.3 times this (2021: 6.0). The highest paid director's salary and taxable benefits increased by 0.6% due to a small increase in taxable

¹ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

benefits from reduced business rates relief in 2021-22. There was no change in the average employee salary and allowances, and no bonuses were paid to any employee.

In 2021-22, no employees received remuneration in excess of the highest paid director (2021: none). Remuneration ranged from £12,328 – £175,000 per annum.

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The above information has been subject to audit.

Pension benefits

	Accrued pension at pension age as at 31 March 2022 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV ² at 31 March 2022 £'000	CETV ² at 31 March 2021 £'000	Real increase in CETV ² £'000
Dr Douglas Gurr <i>Museum Director, Accounting Officer</i>	–	–	–	–	–
Neil Greenwood <i>Executive Director of Finance and Corporate Services</i>	50-55 plus a lump sum of 140-145	0-2.5 plus a lump sum of 0	1,188	1,119	(3)
Fiona McWilliams <i>Executive Director of Development</i>	15-20	2.5-5	288	239	33
Clare Matterson CBE <i>Executive Director of Engagement</i>	–	–	–	–	–
Dr Tim Littlewood <i>Executive Director of Science</i>	50-55 plus a lump sum of 135-140	0-2.5 plus a lump sum of 0-2.5	1,220	1,171	(6)

The above information has been subject to audit.

For the majority of staff who joined the Museum prior to the 1 April 2017, pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, Museum staff would have been in one of five defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos** or **alpha**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. From 1 April 2015 new entrants were entered by default into the **alpha scheme** unless they have reserved rights, from previous Civil Service employment, to remain in one of the other schemes. All employees continue to have the option for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**Civil Service Pension Partnership Account**).

From 1 April 2019 employee contributions within PSCPS continued to be salary-related and ranged between 4.6% and 8.05% of pensionable earnings for **classic**, **premium**, **classic plus**, **nuvos** and **alpha** members. Increases to employee contributions will apply from 1 April 2019. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable

² Cash Equivalent Transfer value.

earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In **alpha** pension accrual is similar to **nuvos** but the accrual rate is 2.32% of pensionable earnings. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a defined contribution scheme. The employer makes a basic contribution as a percentage of pensionable earnings. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. The pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The pension age for **alpha** is the later of either the members State Pension Age (SPA), or age 65.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

From 1 April 2017, all new employees, who are not eligible for one of the Civil Service Pension schemes, are auto-enrolled into the NHM defined contribution Pension Scheme. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%. Further details can be found at <http://avivapensiondocuments.co.uk/NaturalHistoryMuseum>

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Other information

None of the Directors held any other positions or had any business interests which represented a conflict of interest in connection with their position at the Museum.

The Trustees of the Natural History Museum are not remunerated. Expenses paid are disclosed in note 7 to the financial statements.

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2022			2021		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	2	2	9	2	11
£10,000 – £25,000	1	5	6	2	8	10
£25,000 – £50,000	–	2	2	1	13	14
£50,000 – £100,000	–	1	1	–	4	4
£100,000 – £150,000	–	–	–	–	–	–
Total number of exit packages	1	10	11	12	27	39
Total resource cost (£)	16,140	244,067	260,207	88,977	976,907	1,065,884

The above information has been subject to audit.

Redundancy and other departure costs have arisen as a result of expiring fixed term contracts and restructuring within the Museum.

Where employees are members of the Civil Service Pension Scheme redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. Where employees are not members of the Civil Service Pension scheme (all joiners since April 2017) costs are statutory, contractual and in line with relevant Museum policies. These costs are absorbed by the Museum.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

13 July 2022

Statement of Trustees' and Director's Responsibilities

Under Sections 9(4) and (5) of the Museums and Galleries Act 1992, the Trustees of the Natural History Museum are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Digital, Culture, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year.

In preparing the Museum's accounts the Trustees are required to:

- comply with the Government Financial Reporting Manual;
- observe the Accounts Direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

The Accounting Officer for DCMS has designated the Director as Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records and for the safeguarding of the Museum's assets, are set out in Managing Public Money, issued by the Treasury.

The Trustees and Accounting Officer confirm that, as far as they are aware, there is no relevant audit information of which the external auditors are unaware. The Trustees and Accounting Officer have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the external auditors are aware of that information.

The Trustees and Accounting Officer confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

13 July 2022

* A copy of which is available from the Executive Director of Finance and Corporate Services, The Natural History Museum, Cromwell Road, London SW7 5BD.

Governance Statement

The Governance Framework

The Museum is governed by a Board of twelve Trustees who are appointed by the Prime Minister (8), the Secretary of State for Digital, Culture, Media and Sport on recommendation by the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition in accordance with the requirements of the Governance Code on Public Appointments (Appendix B) including the appointment of an Independent Assessor to aid the Nominations Committee. Co-opted Trustees are also appointed by open competition, unless the Board is able to demonstrate it is in the best interest of the Museum not to do so.

The Board meets generally four times a year. In addition, strategy days are arranged with at least one taking place annually. The Board receives reports on a regular basis covering key performance indicators, financial performance, Science and Public Engagement activities, Audit and Risk Committee, health and safety, and an annual report on security (physical and information). In addition, the Board approves the annual budget and future financial plan, the strategic plan and receives, and approves, major strategies and projects where appropriate.

In 2020 the Board approved a new Museum strategy to 2031, which sets clear strategic objectives and this is supported by an annual operating plan. Progress against the operating is reported to the Board which is satisfied that plans are in progress for delivery.

During the year 2021-22 the following served as Trustees:

	Attendance at Board Meeting (max 4)	Attendance at Audit and Risk Committee (max 4)	Attendance at Remuneration Committee (max 2)	Attendance at Infrastructure Committee (max 5)
The Lord Green of Hurstpierpoint <i>(Chair; Member of the Remuneration Committee; Member of the Infrastructure Committee)</i>	4/4	–	2/2	5/5
Harris Bokhari OBE <i>(Appointed 13 April 2021, Member of the Audit and Risk Committee)</i>	4/4	4/4	–	–
Dame Frances Cairncross DBE FRSE FRS <i>(Member of the Remuneration Committee)</i>	4/4	–	2/2	–
Professor Yadvinder Malhi CBE FRS <i>(Member of the Infrastructure Committee from April 2021)</i>	2/4	–	–	3/5
Hilary Newiss <i>(Chair of the Audit and Risk Committee)</i>	4/4	4/4	–	–
Robert Noel <i>(Member of the Audit and Risk Committee to January 2022. Chair of the Infrastructure Committee)</i>	4/4	4/4	–	5/5
Simon Patterson	2/4	–	–	–
Professor Sir Stephen Sparks CMG CBE FRS <i>(Member of the Audit and Risk Committee from April 2021)</i>	3/4	4/4	–	–
Dr Sarah Thomas <i>(Member of the Infrastructure Committee)</i>	4/4	–	–	5/5
Professor Dame Janet Thornton DBE FRS <i>(Member of the Remuneration Committee)</i>	4/4	–	2/2	–
Dr Kim Winser OBE <i>(Retired 21 August 2021)</i>	2/2	–	–	–

Lord Green completed a second year four year term on 31 March 2022 and has been extended to serve for a further year until 31 March 2023.

Mark Read was appointed to the Board of Trustees for a four year term with effect from 1 June 2022.

Sir Patrick Vallance has been appointed to the Board of Trustees for a four year term with effect from 1 October 2022 and will take on the position of chair from early 2023.

Colin Hudson and Luke Fairless serve as independent members of the Audit and Risk Committee and respectively attended 4 (of four) and 1 (of one) meetings during 2021-22.

Trustees are initially appointed for a four-year period and may be appointed to serve a second four-year term before standing down.

All Trustees attend an induction and training course and are issued with documents relating to the Museum's corporate governance framework.

There are three regular formal sub-committees of the Board of Trustees as follows:

- **The Audit and Risk Committee** generally meets four times a year to receive reports on risk management, including on the management of specific major risks, on any internal control issues from the Risk and Assurance unit, on matters arising from external audits, to review progress on the implementation of recommendations, to review the annual accounts and recommend their approval to the Board of Trustees, and also receives a sample of audit reports. The Committee received and reviewed reports during the year on GDPR and information management, travel and expenses, collections acquisitions, and payroll and pensions, and also received presentations on the management of key risks. The Chair of the Audit and Risk Committee reports any matters arising directly to the Board.
- **The Remuneration Committee** generally meets once a year to review performance and consider performance related pay for the Museum Director and other members of the Executive Board (see Report on the Remuneration of Senior Management).
- **The Infrastructure Committee** provides support to the Board of Trustees regarding stewardship of the Museum's real estate including the development of a long term property strategy and developing and overseeing delivery of a masterplan. During the year the Committee met 5 times and received reports on the NHM Science and Digitisation Centre, the collections storage programme and protecting the collections, the development of the masterplan and public space plan, the Urban Nature Project, and the energy centre.

A **Nominations Committee** is convened and meets as required to assist the Chair in making Trustee and senior appointments. There were 2 meetings during 2021-22.

In addition, there is a **Science Advisory Committee** which provides advice on the Museum's scientific activities. Both the **Commercial Advisory Committee** and the **Development Advisory Committee** ceased during 2021-22 with the relevant business now covered at the main board meetings and development activity supplemented by the independent NHM Foundation which has replaced the NHM Development Trust.

The Board carries out an externally facilitated review of its performance and effectiveness every three years with an internal self-assessment carried out in intervening years. The last review was carried out during 2019-20 which concluded that the Board operated effectively, with a plan developed for the implementation of recommendations.

Compliance with the Corporate Governance Code

The Museum is a non-departmental public body and a statutory charity. It is mindful of the Corporate Governance Code for central government departments and Trustees are content that the Museum complies where appropriate.

Scope of responsibility in respect of internal control

It is a responsibility of The Board of Trustees and the Accounting Officer to ensure that the Natural History Museum has a sound system of internal control that:

- supports the achievement of the aims and objectives of the Natural History Museum; and
- safeguards the assets and public funds for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Public Money and specifically in the Management Agreement between the Museum and DCMS.

In practice the Trustees normally delegate responsibility to the Accounting Officer for the day to day management of all operational activities, which support the system of internal control.

The Executive Board is responsible for the day to day operation of the Museum, under the leadership of the Director. It formulates and monitors the strategic plan, approves policies and procedures, and has collective

responsibility for delivering programmes and projects across all Museum activities. The Executive Board is supported by a Management Board consisting of senior managers from across the Museum.

The purpose of the system of internal control

The system of internal control is designed to manage, rather than eliminate, risks to the achievement of aims and objectives; it can therefore only provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on a process designed to identify the principal risks, to evaluate the nature and extent of the risks, and to manage them efficiently, effectively and economically. This process has been in place throughout the year ended 31 March 2022 and up to the date of signature of the accounts.

The risk management, risk profile, capacity to handle risk and the risk environment

The Museum has a risk management policy, comprehensive guidance on risk management and a robust risk assessment methodology which have been widely disseminated and implemented. The risk management policy sets out the Museum's attitude to risk, and responsibilities including those of the Trustees, the Director, the Head of Risk and Assurance, managers and staff, and the Executive Board which has overall responsibility for risk management during the year.

Specifically the Executive Board has responsibility for:

- developing and monitoring the implementation of the risk management strategy; and
- assessing, reviewing and monitoring the key inherently significant and emerging risks to the achievement of aims and objectives.

Additionally, the Executive Board has responsibility for overall strategy development and implementation, and for overall Museum management.

A risk profile highlighting the key risks is prepared annually by the Executive Board, taking account of a risk universe based on a comprehensive view of the activities undertaken by the Museum over both the short and long term. The risk universe is updated annually at the start of the financial year and as new or emerging risks are identified, and the risks from the risk universe which have the highest scores for levels of residual risk are treated as the major risks for the coming year. This is reviewed and endorsed by the Audit and Risk Committee and the Board of Trustees.

At the detailed level, responsibility for each key risk is allocated to managers as risk owners, and the risk owners are required to report quarterly to the Executive Board and selectively to the Audit and Risk Committee on the progress of action taken to manage these risks using a Board Assurance Framework which includes reporting on the risk mitigation processes in place and progress, and future plans to ameliorate risk. The Director also reports progress in managing the risks to the Audit and Risk Committee, and significant changes and developments in the risk profile including new risks are reported to both the Audit and Risk Committee and the Board of Trustees.

The Board of Trustees, executive directors and managers are responsible for assessing risk appetite, using a framework of key documents including the Financial Regulations, Collections Management Policies, the Procurement Policy, the Staff Handbook and Health and Safety guidelines. The risk appetite is generally regarded as low particularly where this relates to statutory and legal obligations. The risk appetite for a given risk may, however, differ from a low category, for example for commercial activities where we may accept a higher risk appetite, recognising that there is a risk of failure.

The most significant key strategic risks strategic facing the Museum are listed below.

Strategic risk area	Key mitigating actions
Financial position and Business model	
<p>IF we do not successfully make the case for government capital support THEN we will fail to deliver necessary projects to support our long-term objectives.</p>	<ul style="list-style-type: none"> ● Funding secured from the Public Bodies Infrastructure Fund for 2022-23 to 2024-25. ● NHM Science and Digitisation Centre outline business case submitted to DCMS Finance Committee (June 2022). ● COVID-19 funding secured for 2022-23.
<p>IF we fail to expand our self-generated income, THEN our business model will not be viable, and we will not achieve the ambitions in our vision and strategy.</p>	<ul style="list-style-type: none"> ● Annual business planning cycle covering 3 year financial planning, including detailed business plans for self-generated income units and for new opportunities.
<p>IF NHM profile and activities are not sufficiently attractive and Development activities are unable to increase the prospect pipeline THEN fundraising income will not meet NHM investment ambitions.</p>	<ul style="list-style-type: none"> ● Alignment and prioritization of fundraising opportunities and activities with Strategy to 2031. ● Active donor research and pipeline management. ● Relaunch of the NHM Development Trust as NHM Foundation. ● New brand launch and rollout from 2022.
Major Projects	
<p>IF we do not: deliver the NHM Science and Digitisation Centre to time, quality and budget; THEN we will suffer from reputational risk with key stakeholders and financial risk;</p>	<ul style="list-style-type: none"> ● NHM Science and Digitisation Centre outline business case submitted to DCMS Finance Committee (June 2022). ● Heads of terms agreed and signed for land lease with University of Reading for site at Thames Valley Science Park (May 2022). ● Established programme and project governance structure and work streams, including oversight from Infrastructure committee. ● Infrastructure Project Authority gateway review (June 2022).
<p>IF we do not deliver the Urban Nature Project to time, quality & budget THEN we will suffer from: reputational risk with key stakeholders and financial risk.</p>	<ul style="list-style-type: none"> ● Robust programme and project management processes including oversight from the Infrastructure Committee. ● Final business case submitted to DCMS Finance Committee for approval (June 2022). ● DCMS loan funding for Garden café approved. ● 75% of fundraising target of £19.6m secured (May 2022). ● Provision of £5.2m underwriting from designated reserves. ● Two stage tender for main contract in progress with the preferred contractor under a pre-contract services agreement.
<p>IF we set out to deliver too many construction-related projects at one time THEN there is a risk that we do not have the capacity to deliver in terms of logistics, space and stakeholder input. This could lead to delays in progressing essential works or H&S concerns.</p>	<ul style="list-style-type: none"> ● Estate-wide plan for mapping activities, supported by operational interfaces group. ● Investment in site management resources. ● Monitoring of activity and resources through monthly Management Board and quarterly operating plan review.

Strategic risk area	Key mitigating actions
Visitor Numbers	
<p>IF visitor numbers do not reach business plan targets THEN our Strategy to create advocates for the planet and our financial sustainability will be at risk.</p>	<ul style="list-style-type: none"> ● Marketing and communications focus on UK audiences, including via digital reach and engagement. ● Launch and promotion of Dippy Returns from May 2022. ● Monitoring of UK tourism activity through ALVA and VisitBritain ● Continuous improvement of ticketing and admissions processes.
<p>IF there is inability to invest in the permanent public offer and present coherent content messages THEN this will lead to a reduced visitor experience, lower visitor numbers, lost income and reputational damage.</p>	<ul style="list-style-type: none"> ● Gallery Enhancement Programme for rolling plan of updates / small scale improvements and investments. ● Public Space Programme Board with detailed programme planning for major gallery investment and development including alignment to fundraising. ● Increased investment in gallery development resources and planning, and feasibility studies.
Collections	
<p>IF we fail to provide a) appropriate storage and storage environment (onsite & offsite) b) relevant expert curatorial staff who understand the collections and are skilled in collections care, management and taxonomic groups c) appropriate collections management systems THEN we undermine long term preservation, conservation & accessibility and use of the NHM collections.</p>	<ul style="list-style-type: none"> ● Funding secured in March 2020 for investment in NHM Science and Digitisation Centre. ● NHM Science and Digitisation Centre outline business case submitted to DCMS Finance Committee (June 2022). ● Annual budget for protecting the collections. ● Specification, recording and monitoring of environmental conditions. ● Investment in fire precautions programme. ● Appointment of skilled curators and collections-focused staff, supported by training and competency-based assessment. ● Tendering in progress for new collections management system.
<p>IF we failure to deliver large scale databasing & digitisation of collection THEN this will undermine compliance with key collections standards, curation activity, research competitiveness, the importance of the collection and outcomes from the NHM Science and Digitisation Centre.</p>	<ul style="list-style-type: none"> ● Maintain and increase funding for digitisation programme, capability and capacity building. ● Continue to build national and international networks focused on specimen databasing and digitisation, and ● Align to NHM Science and Digitisation Centre programme.
Estate	
<p>If insufficient funds are allocated to repairs and maintenance activities, these will be prioritised to legal compliance and H&S works THEN this may result in lower priority being given to other activities identified in the operating plan not being delivered or business as usual activities being curtailed.</p>	<ul style="list-style-type: none"> ● Funding secured from the Public Bodies Infrastructure Fund for 2022-23 to 2024-25. ● Annual budgets for planned preventative and reactive maintenance. ● Core infrastructure programme funding. ● Compliance with statutory requirements managed via partnership with FM contractor. ● External audits to ISO 45001 and ISO 14001. ● Scrutiny of investment programme at Infrastructure Committee. ● Contact awarded in December 2021 for energy centre replacement and investment in other energy saving measures.

Significant internal control activity during the year

A museum wide group, MAP (museum activation programme), based on the crisis management structure was established in April 2020 to lead on the operational response to COVID-19 and has continued to meet as required during 2021-22 to plan and manage the re-opening of the Museum to the public and to oversee and co-ordinate all on site covid affected operations.

A number of other specific actions have occurred during the year which have strengthened the internal control framework and helped in the managing of the major and inherent risks:

- Continuing investment in Museum wide security and fire safety infrastructure and further embedding of physical security systems and processes.
- Continuing investment in IT systems resilience.
- Continuing certification to ISO 45001 (health and safety management system), and ISO 14001 (the environmental management system).
- Significant work continued on the implementation of the General Data Protection Regulation (GDPR), and information management policies overseen by the Information Management Group.
- Completion of the Counter Fraud Functional Standard GovS 013 annual assessment, which was re-submitted to DCMS for review, and implementing and monitoring a Counter Fraud, Bribery and Corruption and Action Plan.
- Reviewing and updating the high level and detailed fraud, bribery and corruption risk assessments for major projects.
- Online training for staff on health and safety, and information management, including cyber security, fraud and bribery awareness, and counter terrorism is mandated on a continuous basis.
- The membership of the Crisis Management Team and governance was reviewed and revised.
- A review of preparedness for Business Continuity was carried out and an action plan is in progress.

Significant internal control matters arising during the year

There were no significant control matters which occurred during the year.

Risks to data and information

Risks to data and information held by the Museum are managed by individuals responsible as information asset owners. There is a Senior Information Risk Owner (SIRO) responsible for the information risk policy and risk assessment, and for ensuring that the Museum complies with the Cabinet Office protocols it has assessed as being appropriate for the management of information risk.

There were no personal data incidents or breaches during the year which required reporting to the Information Commissioner.

Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control and this review for 2021-22 has been informed by the work of the Museum's Risk and Assurance Unit including the review of the controls in place for effective management of information risk and:

- the programme of audits carried out by the Health and Safety Unit and the Head of Health and Safety's annual report to Trustees and the Audit and Risk Committee;
- the programme of external audits on the environmental management system
- the Annual Security Report to Trustees and the Audit and Risk Committee including information risk management and assurance; by the Head of Security and the Chief Information Officer; and
- the annual collections report from the Registrar
- comments made by the external auditors in their management letter.

The Risk and Assurance Unit is responsible for examining and reporting on the adequacy and effectiveness of the risk management, control and governance processes. It takes a risk based approach to audits and focuses on the major corporate risks to the achievement of the Museum's strategic objectives.

The Risk and Assurance Unit works to Public Sector Internal Audit Standards and an audit and risk strategy the purpose of which is to put in place an approach that will enable the Risk and Assurance Manager to work in a way which will deliver: (a) an overall opinion each year to the Museum Director (Accounting Officer) on the whole of the Museum's risk management, control and governance processes in order to inform and support the preparation of the annual Governance Statement; (b) risk based audit plans that afford suitable priority to the Museums objectives and risks; and (c) audit recommendations to improve risk management, control and governance.

During the year the resources of the Risk and Assurance unit were reduced from two to one full time equivalent. Going forward the resources will be supplemented by procuring specialist or additional services as required. This decision took account of the increasing work carried out by other assurance based roles and functions in the Museum including the Head of Health and Safety, Head of Security and Emergency Planning, the Registrar, the Head of Legal, the Data Protection Officer, the Environment and Sustainability Officer, and the IT security team.

The audit and risk strategy and annual audit plan are approved by the Audit and Risk Committee. The risk universe is used to inform the plan which is set within a five-year timescale.

The annual report on audit activity, which includes the Risk and Assurance Manager's 'opinion on the adequacy and effectiveness of the risk management, control and governance processes is considered by the Audit and Risk Committee. The Committee reviewed and agreed with the report for 2021-22 which concluded that the overall level of assurance was moderate, and this was also reviewed and endorsed by the Board of Trustees. The Committee also reviewed and confirmed that it was satisfied with the quality, professionalism and thoroughness of the internal audit work during the year.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

13 July 2022

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Natural History Museum for the year ended 31 March 2022 under the Museums and Galleries Act 1992.

The financial statements comprise:

- The Consolidated and Museum Balance sheets as at 31 March 2022
- Consolidated Statement of Financial Activities and Consolidated Statement of Cash Flows; and
- The related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Group's and of Natural History Museum's affairs as at 31 March 2022 and of its net income for the year then ended; and
- have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Natural History Museum and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Natural History Museum's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Natural History Museum's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Director and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report including the Trustees' Report and Governance Statement but does not include the financial statements nor my auditor's certificate and report. The Trustees and the Director are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Report on the Remuneration of Senior Staff to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992.
- those parts of the Trustees' Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Museums & Galleries Act 1992.
- the information given in the Annual Report including the Trustees' Report and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Natural History Museum and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report including the Trustees' Report and Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Natural History Museum or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Report on Remuneration of Senior Management, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

Responsibilities of the Trustees and Director for the financial statements

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the Director are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Director determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error.
- assessing the group and the Natural History Museum's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Director either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Natural History Museum's accounting policies
- Inquiring of management, the internal auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the Natural History Museum's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Natural History Museum's controls relating to Museum and Galleries Act 1992, Managing Public Money, the Coronavirus Act 2020 and the Charities Act 2011.
- discussing among the engagement team including key personnel from the auditors of The Natural History Museum Trading Company Ltd. and involving relevant internal and or external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Natural History Museum for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Natural History Museum and the group's framework of authority as well as other legal and regulatory frameworks in which the Natural History Museum and group operates in, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Natural History Museum and group. The key laws and regulations I considered in this context included the Museum and Galleries Act 1992, Managing Public Money, Employment Law, Tax Legislation, and the Charities Act 2011.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management, the Audit Committee, and legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of grants and donations in line with the accounting framework and undertaking procedures to test the completeness of grants, donations and the treatment of research grants;

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal and external specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

13 July 2022

Consolidated Statement of Financial Activities for the year ended 31 March 2022

	Notes	Unrestricted Funds		Restricted	Permanent	Total	Unrestricted Funds		Restricted	Permanent	Total
		Designated £000	General £000	Funds £000	Endowment Funds £000	Funds 2022 £000	Designated £000	General £000	Funds £000	Endowment Funds £000	Funds 2021 £000
Income and endowments from											
Donations and legacies											
Grant-in-Aid	3	–	60,667	–	–	60,667	–	60,254	–	–	60,254
Coronavirus job retention scheme	5	–	–	131	–	131	–	–	3,103	–	3,103
National lottery		–	–	123	–	123	–	–	164	–	164
Donations		–	2,980	3,319	–	6,299	–	867	1,714	–	2,581
Donations in kind		–	–	319	–	319	–	–	37	–	37
Charitable activities											
Admissions and memberships		–	5,152	–	–	5,152	–	1,010	–	–	1,010
Scientific and other grants		–	–	5,311	–	5,311	–	–	7,250	–	7,250
Other trading activities											
Trading activities	4	–	15,637	–	–	15,637	–	4,954	–	–	4,954
Sponsorship	4	–	546	–	–	546	–	601	–	–	601
Shared services		1,896	91	–	–	1,987	1,551	8	–	–	1,559
Other income	5	–	1,090	–	–	1,090	–	227	465	–	692
Investments	5	115	5	64	–	184	168	7	7	–	182
Total income		2,011	86,168	9,267	–	97,446	1,719	67,928	12,740	–	82,387
Expenditure on											
Raising funds											
Costs of generating voluntary income	7	576	2,263	118	–	2,957	554	1,998	237	–	2,789
Trading activities	7	1,992	8,988	–	–	10,980	1,634	5,873	–	–	7,507
Charitable activities											
Public Engagement	7	5,765	27,845	1,250	–	34,860	5,873	23,057	2,817	–	31,747
Scientific curation and research	7	7,063	26,449	7,232	–	40,744	6,652	22,751	10,798	–	40,201
Other											
(Gain)/loss on disposal of fixed assets	7	–	–	–	–	–	50	(34)	–	–	16
Total expenditure		15,396	65,545	8,600	–	89,541	14,763	53,645	13,852	–	82,260

	Notes	Unrestricted Funds		Permanent	Total	Unrestricted Funds		Permanent	Total		
		Designated	General	Restricted		Endowment	Designated	General		Restricted	Endowment
		£000	£000	Funds	Funds	£000	£000	£000	£000	£000	
Net (expenditure)/income before gains and losses on investments		(13,385)	20,623	667	–	7,905	(13,044)	14,283	(1,112)	–	127
Net gains on investments	11	75	–	79	357	511	147	–	156	710	1,013
Net (expenditure)/income after gains and losses on investments		(13,310)	20,623	746	357	8,416	(12,897)	14,283	(956)	710	1,140
Transfers											
Gross transfers between funds	19	18,805	(19,302)	497	–	–	16,599	(16,835)	236	–	–
Net (expenditure)/income before other recognised gains and losses		5,495	1,321	1,243	357	8,416	3,702	(2,552)	(720)	710	1,140
Other recognised gains/(losses)											
Gains/(losses) on indexation and revaluation of fixed assets for charity's own use	8	17,155	–	3,146	–	20,301	(6,134)	–	(2,754)	–	(8,888)
Loss on foreign exchange		–	(321)	–	–	(321)	–	(243)	–	–	(243)
Net movement in funds		22,650	1,000	4,389	357	28,396	(2,432)	(2,795)	(3,474)	710	(7,991)
Reconciliation of funds											
Total funds brought forward		546,463	4,000	96,687	4,146	651,296	548,895	6,795	100,161	3,436	659,287
Total funds carried forward	19	569,113	5,000	101,076	4,503	679,692	546,463	4,000	96,687	4,146	651,296

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period.

All recognised gains and losses are included in these accounts and the Museum has no recognised gains or losses other than the above.

The notes on pages 44 to 69 form part of these accounts.

Consolidated and Museum Balance Sheets as at 31 March 2022

		Group	Group	Museum	Museum
		2022	2021	2022	2021
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	8	632,214	620,469	631,268	619,621
Intangible assets	9	455	728	454	713
Heritage assets	10	8,120	7,889	8,120	7,889
Investments	11	6,446	5,935	300	300
Total fixed assets		647,235	635,021	640,142	628,523
Current assets					
Stock	13	1,199	1,102	226	307
Debtors	14	9,919	6,799	12,552	11,444
Cash at bank and in hand	15	39,683	26,767	32,354	20,493
Total current assets		50,801	34,668	45,132	32,244
Liabilities					
Creditors: amounts falling due within one year	17	(18,275)	(17,990)	(12,345)	(14,409)
Net current assets		32,526	16,678	32,787	17,835
Total assets less current liabilities		679,761	651,699	672,929	646,358
Provision for liabilities and charges	22	(69)	(403)	(69)	(403)
Net assets		679,692	651,296	672,860	645,955
The funds of the charity					
Permanent endowment funds	19	4,503	4,146	–	–
Restricted funds					
Restricted income funds		59,831	58,588	58,742	57,642
Restricted revaluation reserve		41,245	38,099	41,245	38,099
Total restricted funds	19	101,076	96,687	99,987	95,741
Unrestricted funds					
Designated funds	19	218,663	213,168	216,776	211,393
Designated revaluation reserve		350,450	333,295	350,450	333,295
General funds	19	5,000	4,000	5,647	5,526
Total unrestricted funds		574,113	550,463	572,873	550,214
Total charity funds	19	679,692	651,296	672,860	645,955

The notes on pages 44 to 69 form part of these accounts.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

13 July 2022

Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ending 31 March 2022

	Note	Group 2022 £000	Group 2021 £000	Museum 2022 £000	Museum 2021 £000
Cash flows from operating activities:					
Net cash provided by operating activities	21	19,428	17,937	18,372	13,431
Cash flows from investing activities:					
Interest income received	5	5	7	5	7
Investment income received	5	179	175	–	–
Purchase of tangible fixed assets	8	(5,777)	(9,746)	(5,597)	(9,403)
Purchase of intangible fixed assets	9	–	(214)	–	(214)
Purchase of heritage assets	10	(50)	(21)	(50)	(21)
Purchase of investments	11	–	–	–	–
Net cash used in investing activities		(5,643)	(9,799)	(5,642)	(9,631)
Cash flows from financing activities:					
Loan received from DCMS	17	–	–	–	–
Loan repayment to DCMS	17	(548)	(548)	(548)	(548)
Net cash used in financing activities		(548)	(548)	(548)	(548)
Net increase/(decrease) in cash and cash equivalents	15	13,237	7,590	12,182	3,252
Cash and cash equivalents at the beginning of the year		26,767	19,420	20,493	17,484
Change in cash and cash equivalents due to exchange rate movements		(321)	(243)	(321)	(243)
Cash and cash equivalents at the end of the year		39,683	26,767	32,354	20,493

The notes on pages 44 to 69 form part of these accounts.

Notes to the Financial Statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for the inclusion of certain fixed assets at their value to the business by reference to current costs and of investments at market value. The accounts comply with the requirements of the Government Financial Reporting Manual, the Financial Reporting Standard Applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Digital, Culture, Media and Sport (DCMS), with the approval of H.M.Treasury in accordance with the Museums and Galleries Act 1992.

Consolidated accounts have been prepared for the Museum which include the results of the Natural History Museum charity, its wholly-owned subsidiary company The Natural History Museum Trading Company Ltd (company number 02909192), and the results of the trust funds administered by the Natural History Museum known as the Benevolent Fund and the Special Funds. They do not include accounts for the International Friends of the Natural History Museum London which is a fund raising organisation based in the USA, nor do they include The Natural History Museum Development Trust which is based in the UK, both of which are run by separate and independent trustee bodies which the Museum does not control.

The address of its registered office is the Natural History Museum, Cromwell Road, London, SW7 5BD.

The financial statements are prepared in sterling, which is the functional currency of the Museum. Monetary amounts in these financial statements are rounded to the nearest thousand.

The Natural History Museum is a public benefit entity.

Going concern status

The accounts have been prepared on the going concern basis. Under Section 3 of the British Museum Act 1963, the Museum has a statutory responsibility for keeping its collections and making them available for inspection by the public, and the Trustees and Accounting Officer have assumed in making the going concern assessment that sufficient Government funding support will continue to be made available to fulfil this responsibility.

Incoming resources

All income is accounted for on a receivable basis and is net of Value Added Tax.

Grant-in-Aid from DCMS is shown in its entirety in the Statement of Financial Activities. Grant-in-Aid for specific projects or activities is credited to Restricted Funds and all other Grant-in-Aid income is credited to General Funds. However, within the Statement of Funds (Note 19), Grant-in-Aid income allocated to capital expenditure other than specific projects is transferred from General Funds to Unrestricted Designated Funds and Grant-in-Aid income allocated to acquisitions for the collection is transferred from General Funds to Restricted Funds.

Grants and other income that are awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly. The substance of other contractual conditions attached to scientific grants and the nature of the arrangement with the funder are considered when determining the periods in which income is recognised.

The museum has made use of the Coronavirus Job Retention Scheme, with approval from DCMS. This was used to contribute to the cost of furloughing staff where work could not be found for them in the year and is showed gross in the accounts. Staff costs are shown in full within expenditure and are not net of this income. Income is accounted for when staff have been furloughed.

Donations, shared services and sponsorship income is recognised as income when the conditions for its receipt have been met.

The Museum recognises the income of a charged exhibition in the year(s) in which the exhibition takes place. Income received for an exhibition taking place in a future period is treated as deferred income in the Balance Sheet. Expenditure for the related exhibition is charged in the period in which the goods and services have been received.

Membership income is recognised in the period it is received.

Donations in kind, including donated collections, are recognised when received and valued at their value to the Museum. The contribution of volunteers is excluded from the Statement of Financial Activities as the value of their contribution cannot be reasonably quantified in financial terms.

Income from trading activities predominantly relates to income generated within the Natural History Museum Trading Company Ltd and paid to the Museum under Deed of Covenant annually (see note 12). The accounts of the Company set out the income recognition policies applied.

Expenditure

All expenditure is accounted for on an accruals basis.

Expenditure has been classified according to the main activities of the Museum and aggregates all costs related to each activity. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources. Support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Costs of generating voluntary income include all costs associated with the development of the Museum's non-scientific income and in particular, support the generation of donations, income from trading activities, admissions, membership and sponsorship. Costs purely relating to generating philanthropic fundraising are separately identified in Note 7.

Support costs are those functions that assist the work of the Museum but do not directly undertake charitable activities. Support costs have been allocated between costs of generating voluntary income, public engagement, and scientific curation and research based on headcount.

Significant accounting estimates

In the application of the Museum's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Provisions

Provisions are made for early retirement and severance obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative requirements. In addition, the timing of the cash flows and the discount rates used to establish the new present value of the obligations require management's judgement.

Valuation of property, plant and equipment

Property, plant and equipment represents a significant proportion of the Museums balance sheet and therefore the estimates and assumptions made to determine their carrying value and related depreciation are important to the Museums reported financial position and total expenditure.

Valuation of heritage assets

Heritage assets are valued in accordance with FRS 102 (Heritage Assets). The museum accepts donations of heritage assets which require management to make a judgement on the valuation placed on the specimens donated. Further information on heritage assets can be found on the following page and in Note 10.

Fund accounting

The Museum's accounts are a consolidation of a number of individual funds which divide into distinct categories which are defined as follows:

Unrestricted funds general

The General Funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum.

Unrestricted funds designated

These funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. They consist mainly of the following:

Special Funds – a collection of funds which have arisen from various legacies and donations, largely held as investments, the income from which is used for scientific purposes.

Capital Projects – expenditure funded from non restricted sources which has been capitalised.

Future Scientific Research – a fund set aside from income derived from the Museum's scientific activities to be used to fund research.

Future Projects – monies set aside to fund agreed projects during the next financial year, not funded out of income expected to be generated in that year.

Restricted funds

These funds are subject to specific restriction imposed by the donor, by the purpose of an appeal or are received for a specific purpose. They consist mainly of the following:

Scientific Grants – grant awards for specific scientific projects.

Sponsored Assets – buildings and collections which have been funded at least in part by sponsorship or donations.

Equipment Reserve – a fund established for replacement of shared services equipment – see note 1 (provision for shared services) and note 22.

Permanent endowment funds

These comprise funds donated on condition that the original funds be held permanently by the Museum, although the constituent assets may change.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation.

Depreciation is provided on all tangible fixed assets, other than freehold land and collection items, at rates calculated to write off the cost or valuation, less estimated residual value, on a straight line basis for each asset over its expected useful life as follows:

Freehold buildings	– between 8 and 100 years depending on the building.
Plant and machinery	– between 5 and 35 years depending on the nature of the asset.
Permanent exhibitions	– between 5 and 20 years depending on the exhibition.
Equipment	– between 3 and 20 years depending on the nature of the asset
Furniture and fittings	– between 4 and 20 years depending on the nature of the asset
Vehicles	– between 5 and 10 years depending on the nature of the asset

Tangible fixed assets are reviewed annually for evidence of impairments of value and, where there is evidence that recoverable value has fallen below carrying value, a calculation of the recoverable value is made. Any excess of the carrying value over the recoverable value is written off, either within depreciation in the Statement of Financial Activities, or to the revaluation reserve to the extent that it relates to a previously revalued asset.

Including assets at their value to the business by reference to current costs is achieved as follows:

Land and buildings are revalued by external professional valuation at least every five years and using professionally supplied indices in the intervening periods.

Exhibitions are not revalued but are stated at historic depreciated cost.

Equipment/furniture and fittings are not revalued but are stated at depreciated value.

Tangible fixed assets with an original cost of under £5,000 are written off in the year of acquisition.

Capital expenditure on permanent exhibitions includes only the cost of materials and externally contracted services. No allocations are made of related internal labour costs.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual values of their estimated useful lives, as follows:

Image rights	– 5 years
Software and website	– between 3 and 10 years depending on the nature of the asset

Intangible assets with an original cost of under £5,000 are written off in the year of acquisition.

Heritage assets

The Museum's collections which are assets of historical and scientific importance held to advance the Museum's scientific and educational objectives and, through public access, contribute to the nation's culture and education, are recognised as heritage assets in accordance with FRS 102 (Heritage Assets) which requires such assets to be reported in the Balance Sheet where information is available on cost or value. Prior to the financial year 2001-02 these assets were not capitalised. Reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, and deemed to outweigh the benefits to the users. Accordingly these assets are not capitalised in the Balance Sheet. However since 1 April 2001 collections acquisitions in excess of the capitalisation threshold of £5,000 have been capitalised at acquisition value, and treated as non depreciable heritage assets in the Balance Sheet. A description of the collections, their management and developments in the year are given in note 10.

Investments

Investments are stated at market value. Valuations are kept up to date such that when investments are sold there is no accounting gain or loss arising. As a result the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year.

Market value is taken to be the middle market price ruling at the balance sheet date.

Financial instruments

The Museum only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Stocks

Stocks are stated at the lower of cost price or net realisable value and consist of goods for resale and work in progress.

Leases

The Museum has no finance leases. Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. Forward liabilities are disclosed in note 18.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

Provisions

Provisions are measured at the best estimate of their settlement amount at the balance sheet date.

Taxation

The charitable activities of the Museum are exempt from corporation tax. Profits from trading activities within the trading subsidiary are subject to corporation tax to the extent that they are not paid to the Museum under Deed of Covenant. The Museum and its subsidiaries are registered for Value Added Tax and have agreed a scheme for recovery of certain proportions of VAT on expenditure.

Pension costs

The operating costs of providing retirement benefits are recognised in the accounting periods in which the benefits are earned by the employees, and the related costs and changes in value of the assets and liabilities are recognised in the accounting period in which they arise.

Prior to April 2017 staff of the Museum were employed under the same conditions of service as civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is unfunded, and within which the Natural History Museum is unable to identify its share of the underlying assets/liabilities. Although the scheme is a defined benefit scheme, liability for the payment of future benefits is a charge to the PCSPS. The Museum, and other bodies covered by the PCSPS, meet the cost of the pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Museum is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Museum provides in full for this cost when the early retirement has been announced and is binding on the Museum.

From 1 April 2017 the majority of new entrants will join the Natural History Museum Pension Scheme which is a defined contribution scheme.

Shared services

During 2021-22 the Museum supplied electricity and heating to the Victoria and Albert Museum. The Museum also supplied electricity to the Science Museum. The costs of these supplies are recharged on a not-for-profit basis. Each type of supply is accounted for separately and is ring-fenced within the accounts. The funds accumulated for the replacement of the facilities are shown as restricted funds titled Equipment Reserve.

Contributions to and releases from the Equipment Reserve are shown in the Statement of Financial Activities, Restricted Funds and note 22.

2 Summary of results for the Natural History Museum only

	2022	2021
	£000	£000
Income and endowments		
Grant-in-Aid	60,667	60,254
Coronavirus Job Retention Scheme (note 5)	93	2,576
National lottery	123	164
Donations	6,299	2,581
Donations in kind	319	37
Trading activities	785	606
Shared services	1,987	1,559
Other income	1,090	692
Investment income	5	7
Admissions and memberships	5,152	1,010
Scientific and other grants	5,311	7,250
Payment under Deed of Covenant from the Natural History Museum Trading Company	3,671	–
	85,502	76,736
Expenditure		
Costs of generating voluntary income	2,957	2,789
Fundraising trading: costs of goods sold and other costs	2,261	1,929
Public engagement	34,860	31,747
Scientific curation and research	40,582	40,096
Recharge to the Natural History Museum Trading Company	(2,083)	(860)
Loss on disposal of fixed assets	–	16
	78,577	75,717
Net (expenditure)/income before other recognised gains/(losses)	6,925	1,019
Gains/(losses) on foreign exchange	(321)	(243)
Gains on revaluation of fixed assets	20,300	(8,888)
Net movement in funds	26,904	(8,112)

3 Grant-in-Aid

	2022	2021
	£000	£000
DCMS		
Resource Grant-in-Aid	41,614	41,614
Additional Coronavirus Support	8,998	10,100
Capital Grant-in-Aid:		
Baseline	2,300	2,300
Museums Infrastructure Fund	–	2,000
NHM Science and Digitisation Centre	3,150	1,540
National Museums Maintenance Fund	4,605	2,700
	60,667	60,254
General Funds	60,667	60,254
	60,667	60,254

Grant-in-Aid income credited to General Funds is available for running costs, capital improvements and collection purchases.

For the purposes of consolidated budgeting and monitoring by DCMS during the year, reflecting HM Treasury guidance, a budget of £4,074k for the Museum's operational non-capital research spend is transferred to Capital Grant-in-Aid, thereby reflecting budgeting totals of £6,374k for Capital Grant-in-Aid and £37,540k for Resource Grant-in-Aid.

4 Trading activities income

	2022	2021
	£000	£000
Brand Management	497	551
Retail	6,510	1,469
Catering and Functions	4,465	228
Touring Exhibitions	1,634	484
Consultancy	1,639	1,483
Other	892	739
	15,637	4,954

This reconciles to the Trading Company income in note 12 as follows:

Trading subsidiary turnover	15,436	5,475
Commercial sponsorship	(546)	(601)
Add: Other trading activities income (Museum income)	747	80
	15,637	4,954

The 2021 figure for Catering and Functions above has been re-presented. This is more reflective of the income generated by venue hire in the prior year, which had been previously included in the Other income line above.

5 Investments and other income

	2022	2021
	£000	£000
Income from UK equities	179	175
Bank interest	5	7
	184	182
Other income		
Rentals	147	126
Other	943	566
	1,090	692

Investment income is shown inclusive of tax credits reclaimed in the year.

Coronavirus Job Retention Scheme

The Natural History Museum claimed £131k during the year (2021: £3,103k) from HMRC towards the cost of furloughing staff, with approval from DCMS. Activity reduced significantly across the museum as a result of closure and we were unable to find work for all employees whilst lockdown was in place. We topped up wages to the employees usual amount out of our reserves. Our use of the furlough scheme ended on 17 May 2021 when the Museum reopened in accordance with Government guidance.

Of the £131k, £93k related to the Museum (2021: £2,576k), and £38k related to the Trading subsidiary (2021: £527k). In total 120 members of staff were furloughed at some point during the year (2021: 471), 85 of which were in the Museum (2021: 402), and 35 in the Trading subsidiary (2021: 69).

6 Net (expenditure)/income before transfers

	2022	2021
	£000	£000
is stated after crediting:		
Scientific grants from the European Union	1,695	894
and after charging:		
Expenditure in respect of scientific grants from the European Union	1,695	894
Auditors' remuneration – Museum auditors		
Museum audit	65	59
Auditors' remuneration – subsidiaries auditors		
Trading Company audit	27	23
Special Funds and Benevolent Fund audit	3	2
Other services	3	2
Hire of plant and machinery	536	706
Travel, subsistence and hospitality	480	37
Depreciation	14,423	14,550
Amortisation	183	205
Stock recognised as an expense	3,212	1,019

7 Total resources expended

	Activities undertaken			Activities undertaken		
	directly	Support costs	Total	directly	Support costs	Total
	£000	£000	2022	£000	£000	2021
			£000			£000
Costs of generating voluntary income	1,605	1,352	2,957	1,577	1,212	2,789
Trading activities	10,980	–	10,980	7,507	–	7,507
Public Engagement	21,346	13,514	34,860	18,916	12,831	31,747
Scientific curation and research	26,231	14,513	40,744	26,763	13,438	40,201
Loss on disposal of fixed assets	–	–	–	16	–	16
	60,162	29,379	89,541	54,779	27,481	82,260

During the year, grants of £398,000 (2021: £1,989,000) were awarded to institutions within scientific curation and research.

Support costs by activity

	Generating voluntary income	Public Engagement	Scientific	Total
	£000	£000	£000	£000
2021-2022				
Management	58	580	623	1,261
Human resources	73	732	786	1,591
Estates	363	3,631	3,899	7,893
Finance	70	701	753	1,524
Information technology	213	2,126	2,283	4,622
Governance	2	16	18	36
Depreciation	573	5,728	6,151	12,452
	1,352	13,514	14,513	29,379

2020-2021	Generating	Public		
	voluntary	Engagement	Scientific	Total
	income			£000
	£000	£000	£000	£000
Management	54	569	596	1,219
Human resources	69	730	765	1,564
Estates	280	2,970	3,110	6,360
Finance	58	612	641	1,311
Information technology	183	1,934	2,025	4,142
Governance	9	99	104	212
Depreciation	559	5,917	6,197	12,673
	1,212	12,831	13,438	27,481

All support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Staff costs

	Permanent	Other	2022	2021
	contracts	contracts	Total	Total
	£000	£000	£000	£000
Salaries and wages	26,390	6,797	33,187	33,785
Superannuation	5,317	723	6,040	6,354
National Insurance	2,718	647	3,365	3,352
Cost of agency staff	7	1,491	1,498	342
	34,432	9,658	44,090	43,833

Included in the above staff costs are redundancy costs of £260,207 (2021: £1,065,884).

The Museum accounts for exit costs in the year of the individual's departure being agreed. Where employees have been given retirement benefits under the early retirement and severance scheme operated by the Museum, the full provision is made in the year of retirement and released annually to cover payments made to the employee (note 22).

The majority of present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. During 2021-22, the rates were in the range 26.6% and 30.3%. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Payments of £4,785,000 (2021: £5,267,000) were made during the year. The Natural History Museum is only liable for the contribution it has made directly.

From 1 April 2017, new entrants are enrolled into the Natural History Museum Pension Scheme, a defined contribution scheme with an employer contribution. Payments of £1,255,000 (2021: £1,076,000) were made during the year. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%.

Pension costs are allocated to activities on the same basis as those staff costs to which they relate. At 31 March 2022 a balance of £178,000 (2021: £144,000) was due to be paid in relation to the Natural History Museum Pension Scheme.

The Chair and Board of Trustees received no remuneration for their services during the year (2021: nil). Travel and subsistence expenses of £760 (2021: nil) were reimbursed to 2 (2021: nil) Trustees. Trustees donated £108,495 to the Museum during the year (2021: £146,109), of which £88,041 was restricted to the Urban Nature Project (2021: £127,100) and £1,454 was restricted to library acquisitions (2021: nil).

The following number of senior employees, including the senior management, received remuneration falling within the ranges below:

	2022	2021
£170,001 – £180,000	1	–
£160,001 – £170,000	–	–
£150,001 – £160,000	–	–
£140,001 – £150,000	1	1
£130,001 – £140,000	–	1
£120,001 – £130,000	4	3
£110,001 – £120,000	1	–
£100,001 – £110,000	4	5
£90,001 – £100,000	7	5
£80,001 – £90,000	2	4
£70,001 – £80,000	17	12
£60,001 – £70,000	19	17

The total pension contributions payable for the senior employees included above were £985,243 (2021: £923,636).

No employees received any benefit in kind except as disclosed in the Report on the Remuneration of Senior Management.

The key management personnel comprise the Museum Director, the Executive Director of Finance and Corporate Services, the Executive Director of Science, the Executive Director of Engagement and the Executive Director of Development. The total employee benefits of the key management personnel of the Museum were £800,552 (2021: £919,487).

The remuneration of key management personnel of the Museum, including details of bonuses and pensions, are disclosed in the Report on the Remuneration of Senior Management.

The average number of employees during the year was 877 (2021: 889) organised into the following categories:

	Permanent contracts	Other contracts	2022 Total	2021 Total
Costs of generating voluntary income	23	2	25	24
Trading activities	62	2	64	81
Public Engagement	230	51	281	299
Scientific curation and research	248	118	366	348
Support	113	28	141	137
	676	201	877	889

8 Tangible fixed assets

Group	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Vehicles £000	Total £000
Value								
Balance at 1 April 2021	525,381	95,622	8,338	34,367	13,324	23,432	4	700,468
Additions	411	166	4,942	–	–	258	–	5,777
Disposals	–	–	–	–	–	(144)	(4)	(148)
Revaluation	17,669	4,462	–	–	–	–	–	22,131
Transfers in/(out)	3,035	276	(6,028)	–	821	1,986	–	90
Balance at 31 March 2022	546,496	100,526	7,252	34,367	14,145	25,532	–	728,318
Depreciation								
Balance at 1 April 2021	11,265	11,434	–	29,985	9,623	17,688	4	79,999
Charge for year	5,889	5,869	–	746	575	1,344	–	14,423
Disposals	–	–	–	–	–	(144)	(4)	(148)
Revaluation	859	971	–	–	–	–	–	1,830
Transfers in/(out)	–	–	–	–	–	–	–	–
Balance at 31 March 2022	18,013	18,274	–	30,731	10,198	18,888	–	96,104
Net Book Value 31 March 2022	528,483	82,252	7,252	3,636	3,947	6,644	–	632,214
Net Book Value 31 March 2021	514,116	84,188	8,338	4,382	3,701	5,744	–	620,469

Land and Buildings includes the Natural History Museum at Tring, residential properties at Tring, premises at Wandsworth, London, and the main Museum site at South Kensington. The freehold interest in the South Kensington site was transferred to the Trustees by the Secretary of State for the Environment, Transport and the Regions in August 2001. In accordance with Treasury Guidance all land and building assets are revalued at least quinquennially on a depreciated replacement cost basis and indexed using indices from professional sources in the intervening years. The most recent full valuation was performed by Gerald Eve LLP, Chartered Surveyors, as at 31 March 2019, in accordance with the RICS Valuation- Professional Standards, January 2017 edition and Financial Reporting Standard (FRS) 102. An intervening revaluation was carried out at 31 March 2022 based on price indices prepared by Gerald Eve LLP.

The valuation of the non-specialised properties was undertaken on an Existing Use Value (EUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis.

The professional valuations at 31 March 2019 were as follows:

Property	Value 31 March 2019 £000	Basis of Valuation
The Natural History Museum, South Kensington	567,752	Land at market rate for restricted use, buildings at depreciated replacement cost
Natural History Museum at Tring	13,871	Land at market rate for restricted use, buildings at depreciated replacement cost
Residential properties, Tring	3,102	Existing use basis
Premises in Wandsworth, London	14,574	Existing use basis and depreciated replacement cost. Freehold purchase 1991.

At 31 March 2019 the valuers were of the opinion that the valuation of the premises in Wandsworth, London at market value for general storage and distribution would be significantly lower than the valuation at existing use value, reflecting specialist adaptations for the storage of Museum collections at the property. The specialist adaptations are not likely to have any value for a prospective purchaser. The valuers have stated their opinion that the market value of the main museum site at South Kensington would be significantly lower than the depreciated replacement cost value reported because of the restrictive covenants contained in the Museum's title. For all other properties, the valuers considered that the difference between market value and the stated value would not be significant.

No indexation has been applied to fixture and fittings, equipment assets and permanent exhibitions as management consider that there is no material difference between current cost and actual cost. The life of these assets is reviewed annually to reflect their true value.

2022 2021
£000 £000

The current cost depreciation shown above is charged in the Statement of Financial Activities as follows:

Depreciation included in Total Resources Expended	14,423	14,550
	14,423	14,550

2022 2021
£000 £000

Gains on indexation and revaluation of fixed assets shown above are recognised in the Statement of Financial Activities as follows:

Revaluation value	22,131	(9,995)
Prior year depreciation adjustment arising from revaluation	(1,830)	1,108
	20,301	(8,887)

Museum

	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Vehicles £000	Total £000
Value								
Balance at 1 April 2021	525,381	95,622	7,658	34,366	12,890	22,934	4	698,855
Additions	411	166	4,762	–	–	258	–	5,597
Disposals	–	–	–	–	–	(91)	(4)	(95)
Revaluation	17,669	4,462	–	–	–	–	–	22,131
Transfers in/(out)	3,035	276	(5,207)	–	–	1,986	–	90
Balance at 31 March 2022	546,496	100,526	7,213	34,366	12,890	25,087	–	726,578
Depreciation								
Balance at 1 April 2021	11,265	11,434	–	29,985	9,286	17,260	4	79,234
Charge for year	5,889	5,869	–	746	523	1,314	–	14,341
Disposals	–	–	–	–	–	(91)	(4)	(95)
Revaluation	859	971	–	–	–	–	–	1,830
Transfers in/(out)	–	–	–	–	–	–	–	–
Balance at 31 March 2022	18,013	18,274	–	30,731	9,809	18,483	–	95,310
Net Book Value								
31 March 2022	528,483	82,252	7,213	3,635	3,081	6,604	–	631,268
Net Book Value 31 March 2021	514,116	84,188	7,658	4,381	3,604	5,674	–	619,621

9 Intangible assets

Group	Image rights £000	IT software £000	Assets under construction £000	Total £000
Value				
Balance at 1 April 2021	480	2,687	100	3,267
Additions	–	–	–	–
Disposals	–	(171)	–	(171)
Transfers in/(out)	–	–	(90)	(90)
Balance at 31 March 2022	480	2,516	10	3,006
Amortisation				
Balance at 1 April 2021	480	2,059	–	2,539
Charge for year	–	183	–	183
Disposals	–	(171)	–	(171)
Balance at 31 March 2022	480	2,071	–	2,551
Net Book Value 31 March 2022	–	445	10	455
Net Book Value 31 March 2021	–	628	100	728

Museum	IT software £000	Assets under construction £000	Total £000
Value			
Balance at 1 April 2021	2,415	100	2,515
Additions	–	–	–
Disposals	(171)	–	(171)
Transfers in/(out)	–	(90)	(90)
Balance at 31 March 2022	2,244	10	2,254
Amortisation			
Balance at 1 April 2021	1,802	–	1,802
Charge for year	169	–	169
Disposals	(171)	–	(171)
Balance at 31 March 2022	1,800	–	1,800
Net Book Value 31 March 2022	444	10	454
Net Book Value 31 March 2021	613	100	713

Depreciation and amortisation costs are allocated across SOFA headings as part of the central support cost allocation.

10 Collections assets

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Net book value at 1 April	7,889	7,840	7,889	7,840
Additions in year	231	49	231	49
Net book value at 31 March	8,120	7,889	8,120	7,889

Acquisitions Summary 2017-22

	2017-18	2018-19	2019-20	2020-21	2021-22
	£000	£000	£000	£000	£000
Acquisitions > £5k	8	44	40	21	50
Donations > £5k	620	289	144	28	181

Heritage Assets and Valuation

The Museum's collections which are assets of historical and scientific importance are held to advance the Museum's scientific and educational objectives and, through public access, contribute to the nation's culture and education. They are recognised as heritage assets in accordance with FRS 102 (Heritage Assets) which requires such assets to be reported in the Balance Sheet where information is available on cost or value. There is no ready commercial market for many scientific natural history specimens, and due to regulation to fight the illegal trade in endangered species some items can have no legitimate financial value. The Museum's approach to valuation is therefore based on the pragmatic adoption of theoretical valuation factors that do not and cannot reflect an items scientific significance.

The Museum's approach to valuation control can be found in the Access and Information Policy available on the Museum's website.

Heritage assets acquired since 1 April 2001

Since 1 April 2001 collections acquisitions made by donation, exchange or purchase in excess of the capitalisation threshold of £5,000 have been capitalised at acquisition value, either at purchase price or estimated cost where exchanged or donated, and treated as non-depreciable heritage assets in the Balance Sheet. Items are not revalued once capitalised.

Heritage assets acquired before 1 April 2001

"Prior to the financial year 2001-02 these assets were not capitalised. Reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, of no significant benefit and deemed to outweigh the benefits to the users. Accordingly, these assets are not capitalised in the Balance Sheet. For these reasons, the Museum has never assigned a financial value to its natural history specimens and collections.

The total number of collection items which have been capitalised amount to less than 1% of the Museum's total collection.

Impact of the COVID 19 Pandemic on collections activities

On 19 July 2021 mandated working from home came to an end and all collections Staff began returning regularly to site. Collections staff in different collections areas had varying levels of access to the collections over the previous 16 months and did not all have the same priorities going forward. Divisional Curators in Charge were able to make decisions and manage their Division's collections depending on priorities, therefore opening to visitors and/or research loans was staggered. Changes in December 2021 saw limited access again, however more staff were regularly on site and visitors and research loans continued to be facilitated. Acquisitions to the collections and research loans are now almost back to pre-COVID levels.

Nature and Scope of the collections

The Natural History Museum traces its origins back to 1753 and the formation of the British Museum based on the founding collection of Sir Hans Sloane. The intention was to create a universal collection of natural, cultural, and literary objects 'not only for the inspection and entertainment of the learned and curious but also for the general use and benefit of the public'. In 1881 the natural history collections were re-located from Bloomsbury to the current site in South Kensington into Alfred Waterhouse's 'Cathedral of Nature'. 140 years later our collections are stored within 10 buildings across three sites, including the Natural History Museum at Tring.

The Museum houses one of the most important collections of natural history objects in the world. The Earth and Life Science collections cover virtually all groups of animals, plants, rocks, meteorites, minerals, and fossils and has more type specimens than any other natural history collection. These collections are complemented by the collections of the Museum's Library and Archives which is the world's largest collection of natural history literature, original primary material, and art, ranging from 1469 to the present day. In total the Museum's collection is estimated to contain 76 million items or lots (groups of items). Given the nature of the material in the collection can vary from microbes and space dust to dinosaurs and whales and includes material such as parasites associated with their hosts, water, and sediment samples there can never be a definitive answer of the number of items the Museum holds.

The collection is actively added to annually through new collecting, donation, exchange, and purchase. During the last financial year the Museum received 284 different donations consisting of approximately 96,687 items or lots (which will contain multiple items). The Museum spent £51,558 on four purchases comprising six items. A further 29,749 items or lots were added to the collection through staff collecting, undertaken as a result of research grants and collaborative fieldwork opportunities.

To document and manage these collections the Museum uses three digital collections documentation systems. EMu is the collections management system used to manage Earth and Life Science Collections. ALMA is the primary collections management system for Library and Calm is the primary system for Museum Archives and Records.

Collections Policies, Collections Care and Accreditation

Collections Policy

The Museum has a comprehensive series of policies covering all aspects of the collections and their management. They set the tone and framework for ensuring that the institution acts legally and ethically whilst aspiring to the highest professional standards. The Policies were approved by Trustees in February 2019 and are due to be reviewed in financial year 2023-2024. These are available on the Governance pages of the Museum's website [Governance | Natural History Museum \(nhm.ac.uk\)](https://www.nhm.ac.uk/governance)

Accreditation

The Museum is recognised by The National Archives as a place of deposit under the Public Record Act for the records it creates. The Museum is a Registered Archive under the National Archives Accreditation Scheme and was awarded Accredited Status on 26th March 2018. The Museum is also a Registered Museum under the Arts Council Museums Accreditation Scheme and last received confirmation of its re-approval under the Scheme in October 2015.

Collections care

The Museum aims to maintain its collections in the best environmental conditions possible to aid long term preservation. These are guided for collections in storage and display by the Museum's Collections Storage Infrastructure Project (CSIP) environmental standards (2020). These standards comply as far as possible with BS EN 16973:2018 Conservation of Cultural Heritage – Specification, location, construction and modification of buildings or rooms intended for the storage or use of heritage collections; BS EN 16790:2016 Conservation of cultural heritage – Integrated pest management (IPM) for protection of cultural heritage and BS 4971:2017 Conservation and Care of Archive Collections. The Museum's Protecting the Collections Board prioritise small, targeted interventions to increase the longevity and stability of the building fabric in areas containing collections. The Board also commission pieces of work to understand the full extent of problems. There have been four priority areas focussed on this year with a further three being monitored across the Museum's sites. Projects relate to HVAC systems, water ingress, solar gain, and security.

Access to the Collections

Increasing access to the collections whether physically or virtually is one of the highest priorities for the Museum. Over 27,000 specimens are on public display in our galleries. There are over 5,128,000 specimen records from our Earth and Life Science collections publicly available on data.nhm.ac.uk along with a further 7,470,000 records from other datasets. This includes 3D scans, images, and audio recordings as well as other structured data in tables. In 2021-22 the Museum made available the records in its Join the Dots dataset. The 2,868 records provide a high-level summary of all the Natural History Museum's collection. The data has been gathered, structured, and published with the intention of providing some level of visibility into the scope, nature and composition of the Museum's holdings, the majority of which have yet to be digitised. The latest news about our digital collections programme can be found at www.nhm.ac.uk/digitalcollections or @NHM_Digitise on twitter. Over 5 million pages of content are available via the Library's discovery layer and in the Biodiversity Heritage Library www.biodiversitylibrary.org.

As well as a public visitor attraction the Museum is home to a large, diverse scientific research centre that houses one of the largest and diverse scientific teams of its kind. At its heart is our collections which are a significant resource for the development of humankind's knowledge of the natural world. The wide scope of the collection in scientific, geographical, and historical terms, means that the Museum's collection has unique international value and importance. Our collections inspire and facilitate scientific discovery globally through our analytical facilities, digital access, research lending and in person visits by many hundreds of scientific visitors from around the world. Due to the pandemic, there have been 3,041 scientific visitors during 2021-22. During the last financial year, the Museum dispatched 357 research loans, comprising 19,583 individual specimens from the Earth Sciences and Life Sciences collections. A further 205 requests were facilitated for digital images instead of a physical loan, representing 1412 individual specimens. Physical loans for the purpose of research are not made to individuals from the Library and Archive Collections.

Human Remains

The Museum holds a licence from the Human Tissue Authority (HTA). The HTA has a statutory function to ensure compliance with relevant legislation, codes of practice and directions and conduct inspections of licenced establishments to examine the suitability of premises, practices and procedures, governance arrangements and to meet staff working under the authority of the licence. The Museum was last inspected in 2016 and the report is publicly available on their website <https://www.hta.gov.uk/establishments/natural-history-museum-london-12186>

Immunity from Seizure

The Museum received approved status for immunity from seizure purposes on 9th April 2014. During the financial year 2021-22 no loans were made to the Museum which required immunity.

11 Investments

	Market value at 1 April 2021 £000	Additions £000	Increase / (decrease) in market value £000	Disposals £000	Market value at 31 March 2022 £000
Group					
CCLA COIF – Charities Investment Fund	5,005	–	432	–	5,437
CCLA COIF – Charities Ethical Investment Funds	930	–	79	–	1,009
	5,935	–	511	–	6,446
Museum					
UK investment in Subsidiary	300	–	–	–	300
	300	–	–	–	300

The Museum has a wholly owned investment of 300,000 fully paid Ordinary Shares of £1 in the Natural History Museum Trading Company Ltd, valued at £300,000 in the Museum balance sheet.

12 Trading Subsidiary

The Museum owns the whole of the issued share capital of The Natural History Museum Trading Company Ltd, a company registered in England and Wales. The Company's principal activities are retailing, catering, venue hire, touring exhibitions, consultancy, image sales, licensing and the organisation of commercial promotions.

Trading Company profits are paid to the Museum annually under Deed of Covenant.

A summary of the results of the subsidiary is shown below:

	Total 2022 £000	Total 2021 £000
Income and expenditure		
Turnover	15,398	4,948
Cost of sales	(6,629)	(4,344)
Gross profit	8,769	604
Other operating income	38	527
Other expenses	(4,173)	(2,094)
Operating profit	4,634	(963)
Amount of payment under Deed of Covenant to the Museum	(3,671)	–
Loss on ordinary activities before taxation	963	(963)
Taxation	–	–
Retained in subsidiary	963	(963)
	2022 £000	2021 £000
Balance Sheet		
Fixed assets (tangible and intangible)	947	863
Current assets	11,670	7,497
Current liabilities	(12,317)	(9,023)
Net assets	300	(663)
Share capital and reserves	300	(663)

13 Stock

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Finished goods and goods for resale	1,142	1,050	169	255
Work in progress	57	52	57	52
	1,199	1,102	226	307

14 Debtors

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	3,967	1,274	1,174	630
Other debtors	1,102	1,304	1,102	1,304
Amounts due from subsidiary undertaking	–	–	6,398	5,555
Prepayments	1,329	1,875	1,268	1,801
Accrued income	3,521	2,346	2,610	2,154
	9,919	6,799	12,552	11,444

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Debtors include the following financial instruments:				
Gross trade debtors	4,023	1,330	1,174	630
Less: provision for impairment	(56)	(56)	–	–
	3,967	1,274	1,174	630
Other debtors	1,102	1,304	1,102	1,304
	5,069	2,578	2,276	1,934

As the Museum receives a substantial part of its income from DCMS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex or play a significant medium to long-term role in the financial profile of the Museum. Trade debtors include amounts due to the Museum in foreign currency, mostly US Dollar and Euro, which are not significant to the overall financial risk of the Museum.

The age profile of non-impaired trade debtors is as follows:

	2022	2021
	£000	£000
Not due	3,465	926
up to 30 days past due	190	58
30-60 days past due	167	288
Over 60 days past due	145	2
	3,967	1,274

15 Cash at bank and in hand

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Balances held with the Government Banking Service	8,291	8,429	8,291	8,429
Balances held with commercial banks and cash in hand	31,392	18,338	24,063	12,064
	39,683	26,767	32,354	20,493

Included in the above are balances in Euros equivalent to £3,024,000 (2021: £4,880,000) and US Dollars equivalent to £394,000 (2021: £863,000). These balances do not expose the Museum to any significant exchange rate risk as they are primarily held in connection with grants received from funders where onward payments are to be made in the same currency.

During the year, cash surplus to daily requirements was either deposited with the Government Banking Service or invested short term with leading European financial institutions. Cash must be invested and managed in accordance with the Museum's Investment Policy which was approved by Trustees in February 2017. In the event of financial failure at a financial institution at which the Museum holds term deposits, the Museum would be exposed to the risk of losing the investments.

16 Cash held as under agent relationships

The Museum acts as project lead on a number of consortium grants where cash is received and subsequently paid out to other consortium beneficiaries. These cash funds are not recognised as a Museum asset and do not appear in the Museum's Balance Sheet. During the year the Museum received £nil to distribute to partners (2021: £1,831,000). During the year £1,940,000 (2021: £3,000) was distributed. At 31 March 2022 the Museum held £nil (2021: £1,940,000) to be transferred in future periods.

17 Creditors: amounts falling due within one year

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	2,629	1,942	2,266	1,679
Other creditors	867	406	254	321
Taxation and social security	873	871	873	871
Deferred income	7,590	7,125	3,760	4,751
Accruals	6,316	7,098	5,192	6,239
DCMS loan falling due in less than 1 year	–	548	–	548
	18,275	17,990	12,345	14,409

Amounts classified above as trade creditors and other creditors fall within the definition of financial instruments. The Museum does not borrow funds on the money markets and accordingly financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex, play a significant medium to long-term role in the financial profile of the Museum or fall due in more than one year. Trade creditors include amounts due by the Museum in foreign currency, mostly US Dollars and Euros, which are not significant to the overall financial risk of the Museum.

In 2015-16, DCMS approved a loan to the Museum totalling £2,730,000 towards the development of the Members' and Patrons' Room. The first instalment of £305,000 was received in 2015-16 and the balance of £2,425,000 was received in 2016-17. The loan was repayable in five instalments over the period April 2017 to April 2021. Interest was being accrued at a fixed rate of 0.89% on the first instalment and a fixed rate of 0.33% on the second instalment. Interest was based on the National Loans Fund published rates. The creditor balance included the accrued interest to date.

Deferred income	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
As at 1 April 2021	7,125	5,998	4,751	3,633
Deferred in current year	33,175	13,686	15,252	9,116
Released in current year	(32,710)	(12,559)	(16,243)	(7,998)
As at 31 March 2022	7,590	7,125	3,760	4,751

Deferred income represents income received on contracts and performance related grants where the work required by the contract or the performance clauses of the grant has not been completed.

18 Commitments under operating leases

The Museum has entered into a series of operating leases for the use of premises and equipment in its operations. The minimum payments due under these contracts within each of the following periods are:

	Land and buildings	Other assets	Total	Total
	£000	£000	2022	2021
	£000	£000	£000	£000
Payments due within one year	53	2	55	163
in second to fifth year	–	–	–	55
over 5 years	–	–	–	–
	53	2	55	218

During the year, payments of £163,000 (2021: £240,000) were made under operating leases.

19 Statement of Funds

Museum	At 1 April 2021 £000	Income £000	Expenditure £000	Gains/ (losses) £000	Revaluation/ indexation £000	Transfers £000	At 31 March 2022 £000
Restricted funds							
Scientific grants	–	5,389	(5,389)	–	–	–	–
Coronavirus job retention scheme	–	131	(131)	–	–	–	–
Sponsored assets	89,749	2,736	(2,484)	–	3,146	223	93,370
Projects/other funds	791	628	(414)	–	–	453	1,458
Donations in kind	4,976	319	(182)	–	–	–	5,113
Equipment reserve	227	–	–	–	–	(179)	48
Special Funds	944	83	(19)	79	–	–	1,087
	96,687	9,286	(8,619)	79	3,146	497	101,076
General funds							
	4,000	86,168	(65,545)	(321)	–	(19,302)	5,000
	4,000	86,168	(65,545)	(321)	–	(19,302)	5,000
Unrestricted funds – designated							
Special Funds	1,215	96	(143)	75	–	–	1,243
Projects and other activities	–	–	–	–	–	12,308	12,308
Shared services	–	1,896	(1,896)	–	–	–	–
Future scientific research	1,343	–	(711)	–	–	1,017	1,649
Capital projects	543,905	–	(12,627)	–	17,155	5,480	553,913
	546,463	1,992	(15,377)	75	17,155	18,805	569,113
Permanent endowment funds							
	4,146	–	–	357	–	–	4,503
	4,146	–	–	357	–	–	4,503
Total funds	651,296	97,446	(89,541)	190	20,301	–	679,692

The Scientific grants fund represents income and expenditure from grant awards restricted for specific projects.

The Coronavirus job retention scheme represents the funds received to furlough staff in the financial year and represents both the figures received in the Museum and the Trading Company. Any additional top-up of furloughed staff wages (including National Insurance and pension costs where these could not be claimed for) were met out of unrestricted funds.

Restricted sponsored assets funds represent fixed assets, predominantly land and built infrastructure, previously funded by donations and bequests.

Restricted donations in kind funds represent items donated to the Museum, predominantly comprising donations to the Museum's collection (note 10). This includes donations under the Arts Council Acceptance in Lieu scheme.

Designated Special Funds are a collection of 17 funds which have arisen from various legacies and donations to the Museum, and which are consolidated and administered by the Museum, plus the Benevolent Fund. These are designated for work in line with the objectives of the Special Funds Trust and the Benevolent Fund, with due regard to the original aim of the funds.

Shared services funds represent the income and expenditure related to supplying electricity and heating to the V&A and Science Museum. The costs of these supplies are recharged on a not-for-profit basis (note 1).

Designated future scientific research funds are allocated to individual Museum science departments for investment in research projects.

Capital projects designated funds are unrestricted funds formally designated against unrealisable fixed assets such as the Waterhouse Building and the Museum's Collection, representing funds that are not readily available to the Trustees.

Permanent endowment funds represent funds donated to be held as capital. The income generated from these funds is to be applied in accordance with the donor's wishes.

The transfer from sponsored assets reflects an asset brought into use in year which was funded from restricted funds. The use of the asset itself is not restricted.

The transfer from general funds to designated future scientific research funds reflects the decision of the Trustees to fund future scientific research from the Museum's own resources.

The transfer to future projects reflects planned future spend on these projects from unrestricted reserves which has been committed to by trustees.

The transfers between general funds and designated capital projects funds reflect the acquisitions, net of disposals, of those assets which have been funded from the Museum's own resources during the year.

20 Analysis of group net assets between funds

	Designated funds £000	General funds £000	Restricted funds £000	Permanent endowment funds £000	Total £000
Fund balances at 31 March 2022 are represented by					
Tangible and heritage fixed assets	547,038	–	93,296	–	640,334
Intangible assets	455	–	–	–	455
Investments	1,943	–	–	4,503	6,446
Current assets	20,206	19,458	11,137	–	50,801
Liabilities	(529)	(14,458)	(3,357)	–	(18,344)
Total net assets	569,113	5,000	101,076	4,503	679,692
Unrealised gains included in the above:					
On tangible fixed assets	350,450	–	41,245	–	391,695
Total unrealised gains at 31 March 2022	350,450	–	41,245	–	391,695

21 Net cash from operating activities

	Group 2022 £000	Group 2021 £000	Museum 2022 £000	Museum 2021 £000
Net (expenditure)/income before gains and losses	7,905	127	6,925	1,019
Donated heritage assets	(181)	(28)	(181)	(28)
Investment income received	(184)	(182)	(5)	(7)
Interest paid	–	2	–	2
Depreciation	14,423	14,550	14,341	14,482
Amortisation	183	205	169	190
Loss on disposal of fixed assets	–	50	–	50
Decrease/(increase) in stock	(97)	(34)	81	16
Decrease/(increase) in debtors	(3,120)	1,165	(1,108)	(4,366)
Increase/(decrease) in creditors	833	2,032	(1,516)	2,023
Net movement in provisions	(334)	50	(334)	50
Net cash from operating activities	19,428	17,937	18,372	13,431

Group analysis of changes in net debt

	At start of year £000	Cash- flows £000	Foreign exchange movements £000	Other non-cash changes £000	At end of year £000
Cash	26,767	13,237	(321)	–	39,683
DCMS loan falling due in less than 1 year	(548)	548	–	–	–
DCMS Loan falling due in less than 5 years	–	–	–	–	–
Total	26,219	13,785	(321)	–	39,683

22 Provision for liabilities and charges

The Museum has operated an early retirement and severance scheme from 1990-91 which gives retirement benefits on redundancy terms to qualifying employees. Under this scheme the Museum bears the costs of these benefits until the normal retiring age. Provision is made for these costs in the year of retirement of the employee and released annually to cover payments made until the employee reaches normal retiring age. The provision covered a period to 2021.

The Museum employs a number of staff on fixed term appointments, the end date of which is usually determined by a funding agreement for the post. Under employment legislation, the Museum is liable to pay redundancy costs on the termination of these appointments unless the appointment is extended or alternative employment is offered. Provision is made for these costs when the contract is within three months of its termination and there is no reasonable certainty that the contract will be extended or replaced.

The equipment reserve provision relates to an excess energy savings pool which is derived from the energy services contracts. The provision is available to be released to the Museum to underpin any shortfall in the energy savings which the contractor is required to deliver each year over the life of the contract. Any balance remaining at the conclusion of the contract is shared equally between the contractor and the Museum.

Detail of these provisions and the movement in year are as follows:

Early Retirement

	Group 2022 £000	Group 2021 £000	Museum 2022 £000	Museum 2021 £000
Balance at 1 April 2021	–	9	–	9
Payments against provision	–	(9)	–	(9)
Balance at 31 March 2022	–	–	–	–

Redundancy Provision

	Group 2022 £000	Group 2021 £000	Museum 2022 £000	Museum 2021 £000
Balance at 1 April 2021	114	55	114	55
Addition to provision	23	114	23	114
Payments against provision	(114)	(55)	(114)	(55)
Balance at 31 March 2022	23	114	23	114

Equipment Reserve Provision

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Balance at 1 April 2021	289	289	289	289
Addition to provision	–	–	–	–
Adjustment to existing provision	(243)	–	(243)	–
Balance at 31 March 2022	46	289	46	289

Total Provision for liabilities and chargeses

	Group	Group	Museum	Museum
	2022	2021	2022	2021
	£000	£000	£000	£000
Balance at 1 April 2021	403	353	403	353
Addition to provision	23	114	23	114
Payments against provision	(114)	(64)	(114)	(64)
Adjustment to existing provision	(243)	–	(243)	–
Balance at 31 March 2022	69	403	69	403

23 Capital commitments

Outstanding capital commitments at 31 March 2022 amounted to £1,771,000 (2021: £1,112,000).

24 Contingent liability

The Museum outsourced the provision of soft maintenance services to Servest Ltd. in 2009. This required a number of employees to be transferred out of the Museum's employment and into the employment of Servest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees had to be enrolled by the new employer into a pension scheme broadly comparable to the Civil Service Pension scheme which they were enrolled in whilst in the Museum's employment. The contract was retendered and awarded to Total Support Services Ltd in July 2016 which under the New Fair Deal Policy triggered the opportunity for the transferred staff to transfer the pension benefits earned in the Servest scheme back into the Civil Service Pension scheme. As the contracting authority the Museum will have a liability to pay any shortfall between the transfer in and transfer out values. The value of the liability will depend on negotiation with the Servest scheme provider and the number of individuals who take up the option to transfer.

The Government Actuary's Department have been engaged to undertake this process on the Museum's behalf.

25 Commitments under energy services and energy management services contracts

i) On the 19th July 2006 a contract was signed between the Natural History Museum and Vital Energi Utilities Limited for the provision of energy and energy management services at the Natural History Museum and the Victoria and Albert Museum. Under the contract Vital Energi Utilities Limited designed, supplied, installed, and commissioned plant and equipment to provide co-generation of electrical power and heating, and chilling services. They also are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 19 December 2006. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum. This contract ended in December 2021 and, following a competitive tender, a new contract was signed for a new energy system due for completion in December 2022 and the supply of services for the interim 12 months.

The accounting treatment, whereby the monthly fee payable to Vital Energi Services Limited is charged to expenditure as it occurs over the life of the contract, has been determined in accordance with FRS 102.

In addition there is a separate interface agreement between the Natural History Museum and the Victoria and Albert Museum which governs the relationship between the two entities relating to the energy services and energy management services contract.

ii) On the 22nd October 2010 a contract was signed between the Natural History Museum and Total Gas Contracts Limited for the provision of energy and energy management services at the Museum's sites at South Kensington, Wandsworth and Tring. Under the contract Total Gas Contracts Limited designed, supplied, installed and commissioned plant and equipment to deliver electrical power, lighting, heating, low temperature hot water, and chilling services. In 2017 the contract was sold by Total Gas Contracts Limited to Cynergis Contracts Limited. All terms within the contract remain the same. Cynergis Contracts Limited were then acquired by Veolia ES Energy Performance (UK) Ltd in January 2017. Veolia ES Energy Performance (UK) Ltd are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 31 October 2011. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum.

The accounting treatment, whereby the monthly fee payable to Veolia ES Energy Performance (UK) Ltd is charged to expenditure as it occurs over the life of the contract, has been determined in accordance with FRS 102.

Future minimum commitments under the contracts at 31 March 2022 amounted to £1,286,000 (2020: £2,731,000).

26 Losses and special payments

There was one special payment made during the year ended 31 March 2022 for £22,000 relating to an ex-gratia payment for a former employee (2021: nil). This had departmental approval from DCMS.

27 Related party transactions

The Natural History Museum is a non-departmental public body of DCMS.

DCMS and its arm's length bodies are regarded as related parties. During the year the Museum has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department. These are as follows:

Grant-in-Aid (note 3) was received totalling £60,667,000 (2021: £60,254,000).

At 31 March 2022 there was an outstanding loan balance to DCMS of nil (2021: £548,000) including accrued interest for the year ending 31 March 2022.

Income relating to the supply of power to the Science Museum Group totalled £627,000 (2021: £510,000). At 31 March 2022, there was a nil balance due from the Science Museum Group in respect of these services (2021: nil).

Income relating to the supply of heat and power to the Victoria and Albert Museum totalled £1,330,000 (2021: £1,044,000). At 31 March 2022, there was a balance of £183,000 due from the Victoria and Albert Museum in respect of these services (2021: nil)

Payments of £47,000 (2021: £30,000) were made to the Victoria and Albert Museum for security management services and training. At 31 March 2022, £15,000 was owed (2021: £12,000) in respect of these services.

Payments of £15,000 (2021: £34,000) were made to the British Library in respect of transfers and rental.

Dame Frances Cairncross DBE FRSE serves on the Board of Trustees of the Natural History Museum Development Trust. As at 31 March 2022 there was a balance of £4,200 (2021: £4,000) due from the Trust in respect of administrative services and income received of £4,200 (2021: £4,000).

Lord Stephen Green and Dame Frances Cairncross DBE FRSE are honorary Fellows at Exeter College. No income was received in 2022 and £9,000 was refunded in 2021 in respect of cancelled venue hire.

Hilary Newiss' partner is board member of UK Research and Innovation. Payments of £4,000 were made during the year for subscriptions (2021: £13,000). £5,000 was invoiced for georesources expertise (2021: nil), which was still outstanding at 31 March 2022.

Simon Patterson is a board member at Dell. Payments of £440,000 (2021: £315,000) were made for the supply of computers and accessories, of which £42,000 was unpaid at 31 March 2022. No income was received (2021: £113,000).

Professor Stephen Sparks KBE FRS is a member of BHP Billiton. Income of £348,000 was received relating to scientific research funding (2021: £338,000)

Professor Dame Janet Thornton DBE FRS is part of the GSK Data Advisory group. The museum received a payment of £25,000 in respect of commercial income (2021: £25,000).

Professor Dame Janet Thornton DBE FRS and Professor Stephen Sparks KBE FRS are members of the European Research Council. The Natural History Museum is a participant in a Council-funded research projects entitled 'Analysing diversity with a phenomic approach: trends in vertebrate evolution'.

Dr Sarah E Thomas is a board member at the OCLC. Expenditure of £3,000 was incurred for subscription renewals (2021: £12,000), £3,000 of which was still outstanding at 31 March 2022 (2021: nil).

Neil Greenwood is a Board member of the London Universities Purchasing Consortium. Payment of £5,000 (2021: £4,000) was made in respect of membership.

Dr Tim Littlewood is an honorary senior lecturer at University College London (UCL) and Professor Dame Janet Thornton DBE FRS holds a joint grant. Payments of £166,000 (2021: £35,000) were made in respect of funding. Income of £159,000 (2021: £143,000) was received in respect of fees. At 31 March 2022 there was a balance due in respect of this of £26,000 (2021: £11,000).

Dr Tim Littlewood is a member of the executive steering committee at the Earlham Institute and Professor Dame Janet Thornton DBE FRS is a trustee. Expenditure of £6,000 (2021: £67,000) was made in respect of science grants projects. This was still outstanding at 31 March 2022. No income was received (2021: £56,000).

Dr Tim Littlewood is a member of the Board of Trustees of the Hunterian Collection at the Royal College of Surgeons. Receipts of £3,000 were made in respect of storage in the year (2021: £3,000).

Clare Matterson is a council member of The Natural Environmental Research Council (NERC). Payments of £2,000 (2021: £1,000) were made in the year. At 31 March 2022, £1,000 of this was still outstanding. Income of £203,000 (2021: £895,000) was recognised on scientific grants received from NERC during the year. At 31 March 2022, there was a balance of £200,000 due.

Lord Stephen Green and Neil Greenwood are non-remunerated directors of the Natural History Museum Trading Company, a wholly owned subsidiary of the Natural History Museum.

The remuneration of the key management personnel of the Museum is disclosed in the Report on the Remuneration of Senior Management section of the Annual Report.

28 Post Balance Sheet Events

The annual report and accounts were approved and authorised for issue by the Accounting Officer and Trustees. The authorised date for issue of these accounts is the date on which the accounts are certified by the Comptroller and Auditor General.

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