

National Portrait Gallery Annual Report and Accounts 2022-23

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

Ordered by the House of Commons to be printed 18 July 2023



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The Board of Trustees of the National Portrait
Gallery
Annual Accounts 2022-23

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Our Mission

The National Portrait Gallery is unique in being both *for and about people*. From Katherine Parr to Martin Parr, we serve as the nation's family album, inviting everyone to meet the people who have made, and are making, Britain what it is today.

Founded in 1856, we are home to the largest and most prestigious collection of portraits in the world. Our portraits highlight the cultural and historical links that we all share, and encourages reflection on the nature of British identity, individual achievement and human stories. Spanning six centuries, our artworks reveal the inspiring and sometimes surprising personal stories that have shaped and continue to shape a nation - from global icons to local champions, national treasures to unsung heroes.

The Gallery was founded in the Victorian era with the aim of collecting portraits of 'the most eminent persons in British history'. The role remains the same today - telling the story of the nation through people - although we have broadened our understanding of achievement to reflect the diversity and dynamism of contemporary culture. Another important development has been the increasing importance given to art and art history, leading to the Gallery's role as a place to learn about the art of portraiture.

It is through the display of the Collection, exhibitions, loans, digital programmes, research, learning, publishing and outreach, that the Gallery tells the story of Britain through portraits, using art to bring history to life and explore living today.

Our vision is for lives to be inspired and society enriched through deeper connections with the nation's stories and **our role** is to bring to life the human stories that have shaped and are shaping our ever-changing history.

Our activities and aspirations are driven by the Gallery's statutory aims and objectives as set out in the *Museums and Galleries Act 1992*:

- a. to care for, preserve and add to the portraits and other works of art and the documents in their collection;
- b. to secure that the portraits are exhibited to the public;
- c. to secure that the portraits and other works of art and the documents are available to persons seeking to inspect them in connection with study or research; and
- d. generally to promote the public's enjoyment and understanding of portraiture of British persons and British history through portraiture both by means of the Board's collection and by such other means as they consider appropriate.

Our supplementary objectives during the Gallery's redevelopment phase (2020-2023) are below:

1. Deliver the *Inspiring People* project, transforming the building and opening up the Collection to make it more accessible and welcoming, increasing long-term financial sustainability.
2. Increase the understanding of and engagement with the Collection and the art of portraiture through sharing the Collection and supporting a dynamic skills-sharing network across the UK.
3. Broaden the range of audiences by engaging strategically with organisations across the UK and internationally through participation and learning activity, and an effective communications strategy.
4. Improve the care and conservation of the Collection, creating opportunities for acquisition and commission that support the *Inspiring People* priorities and ambitions.
5. Create a digital presence which connects, inspires and engages audiences, and increases revenue generation.

6. Maximise the financial resources available through both public and private sector support, managing within defined financial parameters for closure and for the *Inspiring People* project.
7. Develop the leadership, values and culture that create a high-performing and diverse workforce and encourage creativity and collaboration.

Below we describe the actions we have taken in the last year to deliver these objectives.

Review of Activities in 2022-23

An executive summary



The Gallery has undergone its most significant transformation since it moved to its home at St Martin's Place in 1896, as part of the *Inspiring People* project. In addition to the significant refurbishment of the building – making it a more welcoming and appealing space and through

development of a new state-of-the-art learning centre and public forecourt – the project has involved a complete re-presentation of the display of the Gallery’s Collection to provide a richer story about British culture and history. This will encourage greater engagement with, and conversations and debate about, stories and perspectives once overlooked now coming to the fore. The Gallery was officially opened by our Patron HRH The Princess of Wales in June 2023, following a three-year closure period.

Major milestones of the *Inspiring People* project were achieved during 2022-23 with major sections of the building being handed back from the principal contractors in September 2022, followed by full handover of the building in February 2023. Significant progress on the largest rehangs of the Gallery’s Collection was also made with the majority of the Gallery’s interpretation completed, with the generous support of our stakeholders.

During the closure period, the Gallery committed to mobilising and sharing the Collection as widely as possible to ensure that it could be accessed by our audiences. For 2023-23 highlights from the national programme included tours of the Tudor collection (*Tudors: Passion, Power and Politics*) and Bloomsbury collection (*Bloomsbury: Life, Love, Legacy*) and ongoing loan arrangements with our strategic partners across the UK. The international programme saw the Gallery developing new partnerships with *Icons and Identities* touring Chimei Museum in Tainan and *Love Stories* touring the Hermitage in Amsterdam.

As part of the activity plan we have been able to deliver an enhanced and diversified range of activities which were designed to reach and connect with new and under-represented audiences. Community engagement projects have been delivered across the UK, ranging from Sheffield, Coventry, Southampton and Wolverhampton, with an ambition to engage communities in the art of portrait making. Our schools and hospital outreach programmes have also continued during this period, bringing the Collection to our younger audiences with the *Faces and Places* and *Champions of the World* programmes.

Extending our digital reach was another objective which remained at the heart of our strategy during closure. We have continued to develop new and innovative ways to connect with our existing audiences and to reach new audiences as well as streamlining systems to increase revenue generation. Significant progress has also been made in digitising the Collection, accessed through our newly redeveloped website, enabling visitors to enjoy our Collection from anywhere in the world.

The Gallery has progressed its acquisition strategy by acquiring works which filled gaps within the Collection and which will form a key part of the redisplay for the *Inspiring People* project. Significantly, the acquisition of *Work in Progress* (2021-22) by Jann Haworth and Liberty Blake marked a notable increase in the representation of women within the Collection. During this year, with the support of our generous supporters, we also embarked on the largest fundraising campaign for the Gallery to save Joshua Reynolds’ *Portrait of Mai (Omai)* for the nation. After year-end, the Gallery successfully formed an innovative collaborative partnership with Getty to jointly acquire the painting, which was made possible with the generous support of the National Heritage Memorial Fund, Art Fund and other major contributions from trusts, foundations and individuals. This shared ownership model will enable and maximise public access to this painting by visitors across these two venues, with *Portrait of Mai* first being exhibited at the Gallery when it reopens.

Many other projects which were essential for reopening – launching the Gallery’s new branding and vision and values; the recruitment of the Volunteering and Visitor Experience teams and development of the visitor charter; the development of a new retail product range and catering offer – have all been progressed during this period in readiness for when we welcomed our visitors again in June 2023.

Finally, a tribute to our staff – 2022-2023 has been an exceptionally busy period for the team amongst various external challenges which have impacted the Gallery, such as the long-term financial impact

of Covid-19, the rising cost of living and inflationary increases. Despite this, staff have demonstrated the Gallery's core values of **pulling together, working collaboratively, seeking excellence, being open, inclusive and inquisitive and pursuing new approaches to doing things differently** to deliver this transformational, once-in-a-lifetime project for which the Trustees would like to record their thanks and gratitude to all. Trustees would like to take this opportunity to also extend thanks to the Gallery's funders and supporters, without which our achievements of this period would not have been possible.

Delivering on our strategic objectives

The strategic objectives had been set in 2020 for the Gallery's redevelopment period and are detailed below. This section sets out the significant progress which has been made towards these objectives in what has been a critical year for the Gallery as it entered the final stages of the *Inspiring People* project.

1. Deliver the *Inspiring People* project, transforming the building and opening up the Collection to make it more accessible and welcoming, increasing long-term financial sustainability

The *Inspiring People* project is a significant transformational project with the sole aim of sharing the power of portraiture with a wider more diverse audience and to create a warm, welcoming and inclusive experience for everyone who encounters our Collection. With the support of major grants by the Blavatnik Family Foundation, The National Lottery Heritage Fund, the Garfield Weston Foundation and the Ross Foundation, *Inspiring People* will enhance our visibility and accessibility, and will extend our influence, reach and relevance to a wider audience nationally and internationally.

Transforming the building

During this year there had been substantial progress on the building elements of the *Inspiring People* project. The Gallery's construction partner, Gilbert Ash, handed-over a number of sections of the building back to the Gallery in September 2022 with the remaining parts of the building handed back in February 2023 – a significant milestone of this transformational project. Other capital works within the building relating to the catering and retail spaces were still underway at the end of this financial year. The redevelopment of the building had been documented by photographers and filmmakers which we look forward to sharing with stakeholders to celebrate the completion of the project.

Re-interpreting and re-hanging the Collection

Another key element of this objective was for the Gallery to ensure that it was placing people at its heart to tell a richer story about British culture and history. This has been achieved through the development of a new overarching and coherent interpretive scheme which is more intuitive, accessible and engaging for a wider and more diverse audience. This has involved a comprehensive re-interpretation of our Collection, underpinned by research and audience testing.

Contributions from the Gallery's audience focus groups and peers from across and outside the sector throughout the project have been crucial in supporting the Gallery's ambition of telling a richer and broader story about British culture and history and for the Gallery to become a destination where lives are inspired and society enriched through deeper connections with the nation's stories. We have worked with various stakeholder groups, such as our Access Advisory Group and Youth Forum, to ensure that we are meeting access requirements and providing an engaging experience for our audiences. The Trustees are extremely appreciative of this support which has been key to the successful delivery of the *Inspiring People* project.

The rehang of the Collection, in line with the revised interpretive scheme, was near completion by the end of March with all works now safely displayed back in our newly refurbished galleries. During this period over 1,000 works were reinstalled back in the Gallery, following the decant in 2020-21. This is the first time there has been a comprehensive rehang of this scale since the Gallery moved to St Martin's Place in 1896.

2. Increase the understanding of and engagement with the Collection and the art of portraiture through sharing the Collection and supporting a dynamic skills-sharing network across the UK

During the period of closure, the Gallery has been committed to mobilising the Collection and sharing objects as widely as possible to ensure it was accessible by our audiences (see figure 1). The Gallery has also continued to work with stakeholders to build up an understanding and engagement with the Collection and with the art of portraiture in a number of ways, as outlined below.

The National Programme – sharing the Collection

The opportunity to share some of the most popular parts of the Collection with audiences while the Gallery was closed, saw the highlights of the Tudor collection and the Bloomsbury collection in **two major touring exhibitions**. *Bloomsbury: Life, Love, Legacy*, curated by York Art Gallery with Sheffield Museums in partnership with the National Portrait Gallery was shown in Sheffield and York and *Tudors: Passion, Power, Politics*, curated by the Holburne Museum, National Museums Liverpool and the National Portrait Gallery was shown in Bath and Liverpool.

The ‘fortieth birthday portraits’ of the former Duchess of Cambridge, now HRH The Princess of Wales, by Paolo Roversi became part of the ongoing **COMING HOME project** which sees people return to places of significance to them and the **Taylor Wessing Photo Portrait Prize** showcased the best of contemporary photographic portraiture from around the world with this year’s competition receiving entries from 62 countries with an international shortlist of winning photographers based in France, Finland and South Africa.

The International Programme – broadening our reach

During this year the Gallery’s Collection was seen by well over 230,000 people around the world with **four international exhibition openings**. The *Icons and Identities* exhibition completed its four-venue global tour and broke visitor records for exhibition attendance at the National Portrait Gallery Australia. The exhibition culminated with the Gallery’s first ever loan to Taiwan, thanks to a new partnership with the Chimei Museum in Tainan.

Love Stories: Art, Passion and Tragedy opened in Amsterdam and in Florida during this year. The Gallery forged a new relationship with the Hermitage Amsterdam as they severed ties with Russia following the invasion of Ukraine. The exhibition then travelled to Artis-Naples, the Baker Museum, in Florida. The Palazzo Altemps, National Museum of Rome, also hosted the Gallery’s exhibition *Bloomsbury: Life, Love, Legacy*, the first National Programme exhibition to travel internationally. The show’s presence in Rome boosted visitor figures for its host well above historic levels.

Through these exhibitions, the Gallery has continued to expand its partnerships with cultural institutions all over the world, promoting understanding of portraiture as a genre, raising awareness of British history, and has supported the UK’s objectives overseas.

Promoting engagement with the art of portraiture

During the year we continued to run a successful extensive programme of activities nationwide as part of the activity plan reaching new audiences locally, regionally and online, working with a range of partners across the country with the aim of engaging the wider community in the art of portrait making.

The *Citizen UK* programme continued to deliver a range of partnership projects exploring lived migratory experiences from the mid-twentieth century through the lens of portraiture. This included *Citizen UK Wolverhampton* which focused on Punjabi migration experiences, *Citizen UK Croydon* which celebrated oral and music tradition key to Caribbean culture, and *Ealing Rises Up* which focused on the history of activism in the borough. All projects culminated in an exhibition or display showcasing the artwork produced.

The *People Powered* programme continued during the year with the installation of *People Powered Ilford: Analogue Stories* and *People Powered Teeside*. Young people, from each location, captured oral histories either through filmmaking or photography, supported by an experienced artist, uncovering previously hidden stories and sharing the lived realities of their local industries, highlighting significant figures who made an impact. Each project culminated in a display to the public combining local and national collections along with newly created content.

Creative Connections is a co-created programme connecting young people with contemporary artists to create new art that explores people and places. This year the Gallery worked in partnership with local schools, artists and art organisations in Coventry, Newlyn and Sheffield engaging in a project to develop an exhibition over of 40 works, including new acquisitions, which explored themes of identity and representation in relation to place.

Further information about these projects can be found on the website (npg.org.uk).

Supporting skills sharing and expertise

As another key strand of the activity plan, the **National Skills Sharing Partnership Programme** continued to deliver a programme of activities with 12 museum partners across the UK. Part of the programme included development of collaborative exhibitions and displays, providing a further opportunity for the Gallery to share works from its collection. Highlights of this partnership include: photographic portraits of Marcus Rashford and Joanne Baker selected by young people at the Laing Art Gallery to provide a focus for a theme of 'contemporary spirituality' connecting to their programme around the Lindisfarne Gospels; and Compton Verney's selection of 10 portraits of sitters from the West Midlands, featuring figures whose ideas, achievements, art or activism help shape Britain and the wider world, thus providing a new approach to the portraits in their portraiture gallery and providing a link to the Commonwealth Games in the region.

The Programme also involves placements of individuals between partner organisations to share best practice in all areas of museum operations. A series of films have been created as part of this programme focusing on the different learning and practice sharing arising from the programme which will be disseminated with the wider sector.

The **Understanding British Portraits** network for professionals working with British portraits to share skills, knowledge and expertise has continued to thrive during this period, with membership remaining strong with very positive attendance at the annual seminar. Four fellowships were supported to enable museum freelancers to significantly enhance their portrait expertise, develop their professional network and deliver a substantial output to benefit their home collection and its audience. Ellen Embleton, Picture Curator at the Royal Society, undertook a research project entitled *Seeing clearly: Establishing the 'Unknowns' of four 17th century portraits*; and Stephanie Roberts, freelance curator, researched a series of portraits of blind harpists in association with National Museum Cardiff, exploring what the portraits might mean to blind and vision-impaired visitors today.

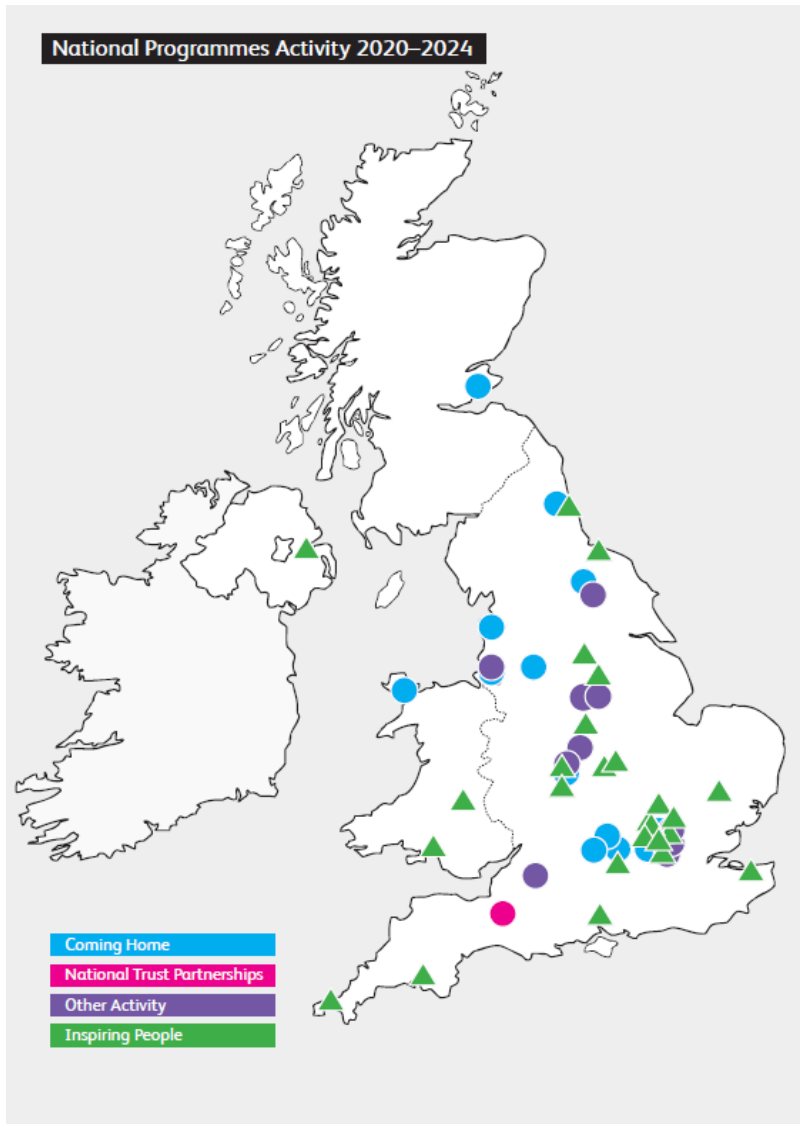
Pioneering research into portraiture

While the focus for research has been on *Inspiring People* in the past year, the Gallery nonetheless continues to play an active role in supporting research across the sector through the consortium of Independent Research Organisations (IROs) recognised by the Arts and Humanities Research Council (AHRC). The Gallery also continued to invest in the support of early career researchers, applying with REACH partners (the British Film Institute, Historic Royal Palaces, the National Trust and Royal Museums Greenwich) to the AHRC for the fourth round of Collaborative Doctoral Partnership funding, and developing an application for the AHRC's new scheme funding Early Career Fellowships in Cultural and Heritage Organisations.

Highlights of projects undertaken this year include: *Black Presence in British Portraiture*, supported by the Pilgrim Trust and Kress Foundation, with an objective to identify and contextualise images of people of colour in portraits made in Britain between the sixteenth and nineteenth centuries, and;

Faces in Focus: Equipping the National Portrait Gallery's New Conservation Laboratory for Photography, Works on Paper and Miniatures funded through the AHRC's Creative Research Capability awards.

Figure 1: National Programmes Activity 2020-2024



National Programmes Activity 2020–2024

- COMING HOME Project**
Ridley Scott
The Laing Art Gallery, Newcastle
1 April 2020–3 March 2021
(virtual loan)
Malala Yousafzai
Aston Hall, Birmingham
7 October 2020–7 February 2021
Paul Robeson
Reading Museum
20 October 2020–30 January 2021
Mary Seacole
The Brent Library and Archive
4 January–12 March 2021
(virtual loan)
Chris Lowe
Grundy Art Gallery, Blackpool
11 January–7 March 2021
(virtual loan)
Jem Wharton
Museum of Liverpool
18 May 21–9 January 21
Andy Murray
Wimbledon Museum
12 August–12 December 2021
Richard III
Yorkshire Museum
9 July–31 October 2021
L.S. Lowry
The Lowry, Salford
22 May 2021–1 September 2022
Catherine, Duchess of Cambridge
St James the Less Church, Pangbourne
22 March–5 April 2022
Catherine, Duchess of Cambridge
Reading Museum
7 April–4 June 2022
Catherine, Duchess of Cambridge
Wardlaw Museum, University of St Andrews
13 June–30 September 2022
Catherine, Duchess of Cambridge
Oriel Mon, Anglesey
16 July–2 October 2022
- NATIONAL TRUST PARTNERSHIP**
Montacute House, Somerset
(ongoing)
- OTHER ACTIVITY**
The Mercers' Company
1 November 2020–1 February 2023
National Gallery
Ongoing from 2020
- HOLD STILL**
Digital project with regional presence
2020–21 - profile for NPG
- Cecil Beaton**
Sheffield
20 May–4 July 2021
Tudors to Windsors
Royal Museums Greenwich,
National Maritime Museum
28 May–31 October 2021
The Tudors: Passion, Power and Politics
Holburne Museum, Bath
28 January–8 May 2022
Walker Art Gallery, Liverpool
20 May–29 August 2022
**Beyond Bloomsbury:
Life, Love and Legacy**
Sheffield Millennium Galleries
25 November 2021–13 February 2022
York Art Gallery
4 March–5 June 2022
**Birmingham Commonwealth Games
and Festival 2022**
Birmingham
- INSPIRING PEOPLE Project**
Citizen UK
Tower Hamlets Local History Library
& Archives
2 September 2021–December 2022
Ealing Local History centre
Nov 2021
Wolverhampton Arts & Culture
March 2023
Museum of Croydon
April 2023
Icons of Colour
Brent Museum
School outreach programme
13 December 2021–20 February 2022
- People Powered**
Brent Museum
6 September 2021–3 December 2021
University of West London
18 July–30 November 2022
University of Hertfordshire
Eicstree Screen Academy
29 June–August 2022
Redbridge Museum
December 2022
MIMA, Teesside
June 2023
National Skills Sharing Programme
The Box, Plymouth
21 September 2021–6 March 2022
Gainsborough's House, Sudbury
September 22 (tbc) – February 23
Nottingham Castle
5 March 2022–12 June 2022
- Derby Museums
10 March 2023–5 June 2023
Watts Gallery, Guilford
26 September 2022–24 March 2023
Hay Castle Trust
23 May 2022–31 July 2022
Compton Verney
28 May–4 September 2022
The Laing, Newcastle
June–August 2022
The Beaney, Canterbury
19 November 2022–29 January 2023
Glynn Vivian Art Gallery, Swansea
14 October 2022–January 2023
Northampton
11 March–4 June 2023
Ulster Museum
Fashion Photography Exhibition
5 May–10 September 2023
Creative Connections
Herbert Art Gallery Coventry
Friday 4 March–Monday 30 May 2022
Museums Sheffield
Thursday 30 June–Sunday 2 October
2022
Newlyn Art Gallery
Cornwall
Sat 18 June–Sat 17 September 2022
Southampton City Art Gallery
May–Aug/Sept 2023 (tbc)

3. Broaden the range of audiences by engaging strategically with organisations across the UK and internationally through participation and learning activity, and an effective communications strategy

A key priority for the Gallery as part of the *Inspiring People* project has been to increase the diversity of our audience. There are enormous barriers to accessing the cultural sector, however through the following programmes the Gallery is working to try to address this challenge.

Schools and Families Programme

The *Faces and Places* outreach programme for schools concluded at the end of the autumn term 2022 which saw the Gallery partnering with over 43 schools (primary, secondary and special schools) over 7 London boroughs. This programme involved delivery of online Continuing Professional Development (CPD) sessions for teachers and workshops for pupils by our Gallery Educators alongside a comprehensive box of resources with content tailored to the schools' individual regions. Since its conclusion, the future iteration of the *Faces and Places* programme has been developed in consultation with key stakeholders to ensure that it remains accessible, engaging and relevant to the school curriculum. The programme will also optimise the use of the new learning centre. This will be launched in 2023-2024.

A Family Working Group, a cross-departmental group, has been formed to support the design and delivery of a cohesive family experience. The Group has reviewed areas such as product ranges, website redevelopments, and access priorities with family visitors in mind. Consultations are underway with families to test new concepts and support with co-creation as the programme continues to develop.

Picturing History

Significant progress has been made on the development of *Picturing History*, the Gallery's flagship digital learning resource hub, which will launch in September 2023. The hub will provide a wealth of curriculum-aligned learning content for schools nationwide, further extending our reach to audiences outside of London. Comprising 100 key portraits, 40 films and 120 learning resources it will provide a platform of high-quality resources for teachers and student across the UK. Content has been developed with the support of expert content advisors who consulted with our key stakeholder groups to ensure that they meet the needs of our target audiences.

Young People's programme

As one of the main priorities of the *Inspiring People* project is to attract a younger audience, the Gallery has continued to work closely with the Youth Forum during the last year to support the concept and design of the Young People's programme. Meetings are held with the Youth Forum on a monthly basis and have included workshops with artists, visits to Taylor Wessing Photographic Portrait Prize, social media engagement and an in-depth consultation on the Gallery's new brand and the development of a sub-brand for youth programmes. During autumn 2022 the Gallery delivered *Snapshots*, a youth photography project working with hard-to-reach young people, at risk of becoming NEET (Not in Education, Employment or Training) aged 18-24 years old. Working in partnership with the New Horizon Youth Centre in Kings Cross, photographer Eddie Otchere led workshops with young people culminating in a display of their work at a local gallery.

Hospitals Programme

The penultimate year of the four-year project *Champions of the World*, funded by Delancey and platform businesses, has seen a return to on-site face to face teaching for the first time since the pandemic with artists returned to working with groups face to face in classrooms and activity centres, as well as one-to-one by the bedside. The wonderful new activity books, designed by illustrator Danni Mustapha, have been well received and continue to fill the gap in creative inspiration between workshops. Each of the five hospital partners has copies which can be distributed to their patients.

4. Improve the care and conservation of the Collection, creating opportunities for acquisition and commission that support the *Inspiring People* priorities and ambitions

Acquisitions and Commissions

Thanks to the generosity of our funders and wider supporters, we have been able to further progress our strategy of acquiring significant works and long-term loans which will enable us to provide for our audiences a display which is more inclusive, engaging and representative of British history and society.

Increasing the diversity of sitters within the Collection has been core to the Gallery's collection strategy. The acquisition of a bust of Mary Seacole, the long-term loan of Ada King, Countess of Lovelace and the commissioned *Work in Progress* by Jann Haworth and Liberty Blake has increased the inclusion of female sitters. Likewise, the long-term loans of Thayendenagea, Lieutenant-Colonel James Skinner and George Lamming have also increased representation of sitters from diverse ethnic backgrounds.

During this period the Gallery also acquired its first work in the medium of embroidery, *Cush Jumbo 'why don't you just tell me how you want to be, baby & i'll live like water around you'* and has extended its contemporary collection with the acquisition of 'Everyday Heroes' by Michael Armitage which celebrates key workers during the period of the Covid-19 pandemic.

Two additional joint acquisitions have also been progressed during this period. The first was the successful acquisition of the portrait of the art dealer Algernon Moses Marsden by Jacques Joseph (James) Tissot, acquired jointly with the National Gallery. The second was the campaign to save Joshua Reynolds' *Portrait of Mai (Omai)* for the nation which was successfully acquired in partnership with the Getty in April 2023 subsequent to the financial year end. This acquisition supports the Gallery's objectives for diversifying the Collection and provides an opportunity for further research and learning about our national history and culture. It is hoped that these shared ownership models pave the way in the future for how major works of art can be cared for, researched and shared with the public.

The Photographs Collection

A series of significant acquisitions have also been made to the Photographs collection. These include the following generous gifts to the Gallery: *Adele* by Annie Leibovitz, generously given by the photographer, a 2022 portrait of Queen Elizabeth II by Henry Dallal, *Stormzy* by Mark Mattock (displayed in 2019), *Pim Baxter* by Alys Tomlinson given by David Ross, *Ben Enwonwu with Queen Elizabeth II* by Pamela Chandler and *April Ashley* given by Terence Pepper and Lucian Freud as a young artist given by Francis des Rosiers.

Various acquisitions have also been made through the activity plan projects *People Powered*, *Citizen UK* and *Creative Connections*, including *Lionesses* (Lauren Hemp, Jill Scott and Chloe Kelly) by Lisi Niesner; a group of press prints pertaining to Heathrow airport notably including Mohammed Ali Jinnah – not previously represented in the Collection; and paralympian Aaron Phipps by Jeannie Coombs.

The Gallery has also been fortunate to acquire photographs with the kind support of the CHANEL Culture Fund for 'Reframing Narratives: Women in Portraiture', 2022. These include Rose Finn-Kelcey (Preparatory study for 'Divided Self'), Alma Reville and Alfred Hitchcock press photograph, Gerti Deutsch by Trude Fleischmann, and Stella Tennant by Corinne Day.

Caring for and cataloguing the Collection

During this period the activities of the Collections Services Team have primarily been focused on the reinstallation of the national collection. This has been the first time in the Gallery's history that this has been undertaken, involving reinstallation of over 1,300 works.

Following the extensive survey of objects for the rehang, which was completed during 2021-22, significant conservation projects were undertaken, including: the frame of the Gallery's portrait of Handel; a portrait miniature of Sarah Biffen, the famous disabled Victorian artist; the Gallery's portrait of William Shakespeare, the first work to enter the Collection; and the nationally important Freud archive.

During this year the Collections Services team have also completed the refurbishment of the negatives store in the basement of the Orange Street building, following additional grant funding received from the Department of Culture, Media and Sport (DCMS), and the refurbishment of the Transit Room. The Gallery has also been successful in obtaining AHRC funding for new state-of-the-art equipment for its brand new works on paper, photographs and miniatures conservation studio. The studio will be operational in time for reopening and will help service double the amount of works on paper on display than before closure, along with key research initiatives.

5. Create a digital presence which connects, inspires and engages audiences, and increases revenue generation

Providing a digital presence during the closure period has been a significant priority for the Gallery to ensure that we remained connected to our audiences whilst also providing a mechanism to generate income.

Delivering online content

In 2022-23 the Gallery's website reached 3.6 million users, accounting for 4.4 million sessions, with 66% of visits to view the Collection online. The Gallery also launched the first phase of the redeveloped and rebranded website in January which has been optimised for mobile use and which now includes mobile ticketing, audio descriptions of portraits and in-gallery films, and a highlights tour and venue information, translated into multiple languages. Members of the public are also continuing to access the Collection through our partnerships with Ancestry.com and the Art UK websites which have received c. 27,000 and 83,460 page views, respectively, to date.

Social media continues to enable us to reach audiences directly and we are seeing high levels of engagement driven by exciting content produced by our in-house team. Gallery channels now reach over 1.8 million followers, a 80,000 increase over the past twelve months. A variety of engaging and exciting content has been created building up to the reopening of the Gallery, including a GIF documenting the pedestrian bridge installation, an animation about the new Weston Wing and a film about the new brand. The Gallery has also worked with artists during this period, including our Digital Artist in Residence for Black History Month in October, Anthony Comber-Badu, who produced three filmed responses to the Collection and Sketch Appeal's Dulcie Ball was joined by portrait artist Curtis Holder for an Instagram live In Conversation on World Mental Health Day. For LGBTQ+ History Month in February, we worked with Safe Space to produce a series of episodes exploring sitters in the Collection including Chevalier d'Eon and Gluck.

To enhance engagement with audiences within the Gallery, we have developed a range of new films, audio and interactives for our refurbished galleries. A second augmented reality experience with BLVRD Features is in development, focusing on the Gallery's portrait of William Shakespeare. A collaboration between the Gallery and Boulevard Arts, this free to download experience, brings to life the painting's background through accompanying x-ray imagery and curatorial commentary.

The Gallery's updated audience relationship strategy is well underway with key objectives of growing and engaging with our audiences as well as increasing income. This involves optimising how we capture visitor data, providing a better customer experience and increasing revenue through ticket sales, purchases, donations and membership. A key example has been enhancing the ticketing path so that tickets can be purchased more easily through our optimised website, and providing

personalised and tailored messaging informing visitors about other events, products and experiences the Gallery can offer.

Engaging audiences through communication

Our strategy for communicating with our audiences has also been implemented, with regular updates being provided about the *Inspiring People* project, including details of new acquisitions, announcements about new donors and the launch of the exhibitions programme, as well as a multi-channel promotional campaign for the *Taylor Wessing Photographic Portrait Prize 2022* at Cromwell Place. Our new branding was also launched across all of our communications platforms introducing a new visual identity for the Gallery with a nod to motifs found within the Gallery's archives and refurbished building.

It was a significant year in the history of the nation and the Gallery with The Queen's Platinum Jubilee and latterly the Queen's passing in September 2022. The Gallery responded by producing a range of content, including an animated film of The Queen's life in portraits, a photography competition for families and by working with English Heritage and Marble Arch to project six images of the Queen from the Collection onto the famous London monument. Media interviews about our portraits of Her Majesty were facilitated including with Chief Curator, Dr Alison Smith and the BBC's Culture Editor, Katie Razzall.

We partnered with Sky Arts on the channel's popular *Portrait Artist of the Year* series in 2022. The winner, Morag Caister, was commissioned to produce a portrait of Sir Lenny Henry for the Gallery and an episode devoted to the artistic process including references to the *Inspiring People* project and an interview with Sarah Howgate, Senior Curator. Our partnership with Ancestry culminated with 2,200 entries to *The Nation's Family Album* competition and we are planning a temporary display of selected works in August 2023.

During the year we have also announced 'Making of Me', a new pioneering project that explores a new model to build skills and employability in young people which has started with the Raheem Sterling Foundation. Initially a pilot with young people in two schools in Brent the project will be produced on-site in Autumn 2023.

6. Maximise the financial resources available through both public and private sector support, managing within defined financial parameters for closure and for the *Inspiring People* project

The Gallery is immensely grateful to the many donors, sponsors, patrons and friends whose support underpins all aspects of its work. Philanthropy and sponsorship from individuals, companies, trusts, and foundations broaden what the Gallery is able to accomplish, and the ongoing commitment of private supporters continued to be a great source of encouragement through this period. Looking to the future, it is likely that the Gallery will depend more heavily on growth in commercial and sponsorship to ensure that it remains sustainable for the future.

Securing public and private sector support

Individual Support (Major Donors, Patrons, Legacies)

Individual donors have made significant contributions during 2022-23 to support exhibitions, acquisitions and commissions as well as to the *Inspiring People* project. We were pleased to announce a multi-year historic gift of £10million from the Blavatnik Family Foundation in support of *Inspiring People* which is the largest private donation in our 165-year history. We were also grateful to receive generous support of our Learning programme from the Law Family Charitable Foundation, and a legacy gift from Stephen James who honoured us by remembering the Gallery in his will.

Membership and Patrons

Our members are incredibly important to us and we are extremely grateful to our members who have continued to renew their membership with us throughout the Gallery's closure (98% membership retention in 2022-23 and 99% retention in 2021-22). This undoubtedly will increase following the launch of the revised membership offer to be launched in September 2023 which will include access to an online members' area of digital content, as well as a new strand of exclusive members' ticketed events. We extend our gratitude to our patrons whose generosity supports various activities of the Gallery. The patrons scheme was relaunched in January 2023 which promises an exciting new programme for existing and new patrons.

Statutory Funders, Trusts and Foundations

We are very grateful to the statutory funders, major charitable trusts and foundations and smaller grant-makers who have supported us over the past year. Grant payments from The National Lottery Heritage Fund, the Ross Foundation, the Hintze Family Charitable Foundation, the Mercers' Company and Clore Duffield Foundation during this period have enabled the Gallery to bring the project close to completion. They have also made a transformative difference to the way we engage local and regional audiences with the Collection.

Corporate Support

In addition to stewardship and delivering partnership benefits for our existing partners we have welcomed two new corporate partners who are now supporting the Gallery in our 2023-24 financial year. With Bank of America and Bloomberg Philanthropies we have been able to implement initiatives such as our £5 ticketing scheme for visitors under 30 and to develop our digital guide for the Collection and optimise mobile access to the website. Concurrently, we have launched our corporate membership programme to develop further sponsorship opportunities for the Gallery.

Maximising commercial opportunities

During the year, the Gallery published in the run up to the Platinum Jubilee *Elizabeth II: Princess, Queen, Icon* which was included in the Sunday Times Bestseller list, followed by a further publication about Prince Charles III which also saw a positive response. Interest in the Royal Family also resulted in an increase in interest in the Gallery's royal images, following the passing of Her Majesty Queen Elizabeth. A guidebook to accompany the redisplay of the Collection was also being prepared in readiness for reopening.

Whilst the Gallery was closed, there was no catering activity, however two new catering suppliers, Daisy Green and Searcy's were selected as operators of the Weston Wing café and Portrait Restaurant respectively. As with catering, in-house retail had paused whilst the retail spaces were being refitted, however ecommerce performance had continued to thrive during closure, with a significant increase in trading performance during the Christmas period. The full product range was redeveloped during this period ready for launching when the Gallery reopened.

The National Portrait Gallery Company Limited

The Trading Company made an anticipated loss of £226,000 in 2022-23 due to the need to recruit staff to prepare for reopening. For the Gallery's first year of opening from June 2023 the budget target is to generate an increased level of profit as a result of increased capacity for events, retail and catering, as well as a refreshed offer and anticipated increase in visitor numbers.

7. Develop the leadership, values and culture that create a high-performing and diverse workforce and encourage creativity and collaboration

Putting people at the heart of what we do

During the year, the Gallery has launched its new vision and values with staff to build on a culture that enables staff to deliver in their roles, define what is important and to guide them in everything that they do. Our key behavioural principles are about: pulling together, building trust, asking, listening and acting, and looking beyond the obvious. This has been particularly important given the substantial increase in our workforce, both colleagues and volunteers, in the build up to the reopening.

The Gallery is committed to offering a flexible work environment to our staff in a way that supports the operational needs of the Gallery and the health and wellbeing of our staff. Our hybrid working model, developed in response to the pandemic, is now fully embedded due to a successful trial earlier in the year.

Staff continue to be well informed about plans and activities and regular opportunities are available for feedback and participation. The Cross Working Group was established during the year, comprised of representatives from all departments and at various levels of the organisation, as a mechanism to update staff on plans for the Gallery and to consult on policies and procedures and other initiatives. Regular Monday Morning Meetings and Town Hall Meetings, as well as our intranet page, provide additional opportunities for all staff to learn about what is happening across the Gallery as well as other key information, such as policies, procedures and development opportunities. Pulse surveys are also undertaken on a quarterly basis and provide valuable insight to what staff feel is going well and where further improvement is required. Actions taken as a direct result of these surveys include: health and wellbeing allowances, health and wellbeing events and activities, and supplying colleagues with period products to support ending period poverty.

The National Portrait Gallery recognises three trade unions: First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. We continue to meet with the unions monthly throughout the year and have maintained strong and effective relations, as they assist us in supporting our employees.

Investing in developing a diverse workforce and progression routes

The Gallery continues to support ongoing professional development of its staff and membership to professional bodies. A key area of focus for this year and for 2023-24 has been the promotion of apprenticeship schemes which present great opportunities for personal and career development.

A consolidated hybrid volunteering programme has continued to grow during 2022-23. During this period, volunteers have donated over 6,000 hours in a range of roles across the Gallery, including Interpretation, Digital, Exhibitions and Archive and in short-term roles for specific projects such as *Faces and Places*, *Picturing History*, the Hospitals Programme, *Citizen UK* and *People Powered*. During the year an expanded volunteering programme for reopening has been developed with an integrated approach to involving volunteers with the Gallery's Visitor Experience and Learning teams.

An ambitious recruitment campaign to welcome over 200 Visitor Experience and Learning Volunteers was launched in November 2022, with bulk recruitment taking place in March 2023. To support this increased activity, the central volunteering team based in HR has been expanded, providing wider support to staff supervising volunteers across the Gallery.

The Work Experience programme, delivered in partnership with social mobility charity Speakers for Schools, continues to be delivered as a series of online careers insight days for students aged 14–19 based across the UK. Fifty-seven students from all over the UK participated during this period.

The National Portrait Gallery is committed to ensuring that opportunities to work at the Gallery are open to all, and that employees feel valued and able to be themselves in the workplace. During the year, the Board of Trustees approved a detailed and comprehensive Equality, Diversity and Inclusion strategy with one of the key strands focusing on positioning the Gallery as an inclusive employer and to improving recruitment processes to ensure that our workforce represents the communities we serve. We are delighted to see how this has already translated into an increasingly diverse workforce based on recent hires (10.25% of hires identifying themselves as a person living with a disability and 27% identifying themselves as a person belonging to an ethnic minority group).

Composition of the NPG Group’s workforce (as at 31 March 2023)

	2019–20	2020–21	2021–22	2022-23
HEADCOUNT	265	143	150	197
FTE	218.54	127.23	137.73	180.3
DIVERSITY				
White	80.7%	83.2%	82.0%	80.7%
Other than White	13.9%	11.9%	12.0%	10.7%
Did not wish to provide	5.4%	4.9%	6.0%	8.6%
GENDER				
Male	27.9%	26.6%	24.7%	20.3%
Female	71.7%	73.4%	75.3%	78.6%
Non-binary	0.0%	0.0%	0.0%	1.1%
STATUS				
Part-time	37.4%	32.9%	26.0%	26.9%
Full-time	62.6%	67.1%	74.0%	73.1%
DISABILITY*				
Yes	1.9%	2.0%	2.7%	5.1%
No	98.1%	98.0%	97.3%	89.9%*

*2022-23 – 5% of staff preferred not to say

Future Developments

Following the end of this financial period the immediate focus for the Gallery was on the final stages of delivery of the *Inspiring People* project, whilst our medium term priorities are about embedding and consolidating all of the changes the Gallery has introduced. Using the success of the project as a platform, we will also be looking ahead to plan for what the next ten years of the Gallery will bring.

Inspiring People project

Much of the activities between April to June of the following financial year had been concentrated on the Gallery’s opening in June 2023, focussed on delivering three complementary strands – completing the capital works, preparing the Gallery for opening (‘operational readiness’), and delivering the activity plan. With the remaining section of the building being handed back to the Gallery in February 2023, the remaining capital works outstanding were the completion of retail and catering areas as well as focusing on the finer details such as gallery lighting and wayfinding. From March, the remaining priority for the Collections team was the completion of the rehang

and, along with the Digital Team, the completion of the interpretation to accompany the artworks in the galleries.

Planning for the relaunch

Beyond March there were a number of projects which were underway to ensure that the Gallery was in a state of 'operational readiness'. This included significant activity on the communications strategy to build up excitement and engagement with existing and new supporters for the Gallery's opening and to ensure that the Gallery would be a 'must see' destination. This included the launch of a 'First Look Festival' which ran for two weeks around the Gallery's opening, with guests and the public invited to a range of events to showcase the Gallery, exhibitions and public programme with specific events targeted to families and young people.

The Gallery opened with an ambitious exhibition programme, designed to appeal to long-standing supporters whilst attracting new audiences. The world class exhibition programme reflects the transformative nature of *Inspiring People* and is central to the audience development strategy and achieving financial sustainability. As part of the exhibitions strategy, this will see a more balanced and diverse programme with increased attendance, through attracting new and repeat visitors aided through stronger digital presence.

With the launch of the Gallery's new vision and values and the Visitor Charter, much focus between the period of March to June was placed on areas such as the induction programme of our new Visitor Experience teams to ensure a quality experience for our visitors in the Gallery. Following the launch of the brand, the Gallery launched the new retail products which include a core range of products featuring the new monogram and brand colours, artist ranges, prints and children's products and a new uniform for the front of house team. Strategies in relation to ticketing, marketing, communications, digital, and operations are now fully underway and were implemented in readiness for reopening. The Gallery opened with two new catering operators on site – Corrigan's delivering a modern British offer in the newly refurbished Portrait Restaurant and Daisy Green will create a relaxed offer for the extended space in the Weston Wing.

Beyond *Inspiring People*...

As our newly transformed Gallery has now been revealed, we are excited to look ahead to what the next ten years will bring for the Gallery. The next ten years will see us consolidating on the success of *Inspiring People* and our renewed Gallery, **to move beyond the building and beyond the frame**; as we become the most truly national museum using digital to broadcast nationally and internationally, more widely and inclusively than ever, increasing participation and impact and ensuring we are **at the forefront of the evolution of portraiture as generated by technology and adopted by artists**.

Our ten year plan will set out how we will continue to transform our Gallery and to celebrate the power of portraiture in new and creative ways through the following lenses: **our Reach, our Relevance, our Revenue and our Resilience**. Through all of this, the National Portrait Gallery will affirm its place as one of the must-see museums in the UK and the global centre of portraiture.

Purchase of *Portrait of Mai (Omai)*

In April 2023, the Gallery jointly acquired with the Getty Museum *Portrait of Mai (Omai)* by Joshua Reynolds. The National Heritage Memorial Fund pledged £10 million towards the acquisition, and the Art Fund pledged £2.5 million, the largest grant award the fund has ever pledged. Without the support of these donations, and countless other donations from The Portrait Fund, the Deborah Loeb Brice Foundation, Julia and Hans Rausing, Ian and Batia Ofer Family Foundation, David and Emma Verey Charitable Trust and various other trusts, foundations and trusts, this acquisition would not have been possible.

Performance indicators

Performance indicators agreed with DCMS as part of the annual funding agreement process were achieved as follows:

Performance indicators

	Actual 2023 000s	Actual 2022 000s
<i>Access</i>		
Number of actual visits	-	-
Number of unique users visiting the website	3,638	3,700
<i>Audience profile</i>		
Number of visits by children under 16	-	-
Number of overseas visits	-	-
<i>Learning / outreach</i>		
<i>Children</i>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	-	-
Number of instances of visitors under 18 participating in on-site organised activities	-	-
<i>Visitor satisfaction</i>		
Percentage of visitors who would recommend a visit	n/a	n/a
<i>Income generation</i>		
Exhibitions income (admissions and other exhibitions related income)	1,789	1,548
Trading net (loss)/profit	(226)	143
Fundraising (including capital)	12,332	16,174
Ratio of Fundraising to Grant in Aid	0.66:1	1.04:1
<i>Regional engagement</i>		
Number of UK loan venues	24	22

Visitor figures at the National Portrait Gallery were nil in 2022-23 (nil in 2021-22), due to the closure of the Gallery initially as a result of the Covid-19 pandemic, and then for the *Inspiring People* project. The number of unique users visiting the website has decreased to 3.6 million in 2022-23 (3.7 million in 2021-22); during the previous year the Gallery focussed on online exhibitions as a result of the pandemic, including *Hold Still* and the *Taylor Wessing Photographic Portrait Prize*, which drew users to the Gallery's website and were not repeated online in 2022-23.

The decrease in fundraising income reflects a fall in the receipt of donations for the *Inspiring People* project, which were higher in the initial stage of the project and have reduced as the project comes to a close. Exhibitions income has increased in 2022-23 from tour income. The trading company made a loss in 2022-23 due to increased costs in preparation for opening the Gallery.

Sustainability

Operations & Sustainability

Environmental sustainability is a prime consideration across the National Portrait Gallery's work; this has been a particular focus during the Covid-19 pandemic and leading up to the construction phase of the *Inspiring People* project. The Gallery continues to make progress in reducing its environmental impact and the *Inspiring People* project itself will provide new plant and equipment resulting in a reduction of greenhouse gas emissions.

The Gallery is developing an ambitious 5 year sustainability strategy which will cover all activity, from supply chains and products in retail and catering to the materials used for uniforms. The largest single action which could be taken is replacement of the steam boilers, with the aim of reducing greenhouse gas emissions.

Greenhouse gas emissions

Under the Climate Change Act 2008, the Government put in place legally binding carbon reduction targets of 35% by 2020 and net zero carbon emissions by 2050 compared to 1990 levels. The National Portrait Gallery has been measuring and reporting emissions since 2014-15, and in line with FReM guidance now uses 2017-18 as the baseline year.

Overall, the National Portrait Gallery's carbon emissions for Scopes 1 and 2 have reduced by 48% since the baseline year. The reduction from the baseline year is a result of the Gallery closure resulting in a decrease in emissions, as use of the climate control systems for the artworks was not required until the commencement of the reinstallation. More broadly, a number of energy-saving interventions have been made across the estate since 2017-18 to manage energy usage and emissions. Sustainability is an important issue for the National Portrait Gallery, which is demonstrated by an ongoing programme of upgrade works, carried out as part of its regular maintenance regime. As part of this programme of works, a significant amount of the existing lighting within the building has already been converted to LED lighting, and outdated and obsolete controls are being replaced over time with modern, more efficient controls.

The scope of works for the *Inspiring People* project included the upgrade of many of the existing services and systems in the areas which will be refurbished or redeveloped, covering most of the proposed concerns and forward plans for replacement of outdated, and mostly obsolete controls systems, and including the provision of new lighting in many of the existing galleries. The requirement for 'consequential improvements' set by Part L2B of the Building Regulations will therefore be satisfied as the cost of these works will be well in excess of the target 10% of the construction cost. Other works outside the scope of the *Inspiring People* project will form part of the 10-year plant replacement strategy, in line with the Gallery's overall strategic view to replace all obsolete controls systems.

Greenhouse Gas Emissions

		Base yr. 2017-18	2020-21*	2021-22*	2022-23*	% change on base year
Greenhouse Gas Emissions (tCO ₂ e)	Scope 1 & 2					
	Scope 1 (direct)	596	788	178	396	-33%
	Scope 2 (indirect)	786	378	185	329	-58%
	Total scope 1 & 2	1,382	1,166	363	725	-48%
	Scope 3					
	Business Travel Emissions*	78	-	6	6	-92%
	Total scope 3	78	-	6	6	-92%
Total Scope 1 - 3		1,460	1,166	369	731	-50%
Energy Use (kWh)	Electricity (renewable)	0	0	0	0	
	Electricity (non-renewable)	2,237,168	1,620,127	872,858	1,549,740	-31%
	Gas	3,230,037	2,681,373	969,780	2,163,729	-33%
	Total kWh	5,467,205	4,301,500	1,842,638	3,713,469	-32%
Total kWh per visitor		3	n/a	n/a	n/a	n/a
Expenditure (£)	Electricity	213,859	187,302	152,559	267,880	25%
	Gas	63,906	60,697	32,367	90,135	41%
	Business Travel	10,766	1,032	9,316	33,986	216%
	Total Expenditure	288,531	249,031	194,242	392,001	27%

*Note that the Gallery has been closed to the public since 2020-21 and usage fell accordingly; usage increased in 2022-23 as environmental conditions were in place for the re-install.

Waste minimisation & management

During 2022-23, the National Portrait Gallery has continued to make some progress in waste management. The Gallery is now working with a full recycling service, which allows the separation of glass, food and mixed recyclables. Overall production of waste has decreased by 77% from the baseline year, which, whilst partly due to the closure of the Gallery from March 2020 onwards, is also due to a significant increase in waste being recycled/reused and 100% of food waste being composted using an anaerobic digestion process which, when complete, returns the waste to crops as fertiliser. The remaining waste is diverted to an incineration plant, where it is used to generate electricity for the National Grid. During 2020-21, the main building of the National Portrait Gallery premises was emptied to facilitate the *Inspiring People* Project, creating a larger than normal requirement for bulk waste removal in 2020-21 and 2021-22 which has now declined considerably into 2022-23.

Finite resource consumption

Finite resource consumption significantly reduced in 2020-21 in comparison to previous years, as a result of the Covid-19 pandemic and subsequent closure of the Gallery offices. Finite resource consumption has remained low in subsequent years as the Gallery has implemented hybrid working practices. Since the baseline year the Gallery has reduced annual water consumption by 94%, and continues to encourage staff to reduce paper usage.

Finite Resources, Waste

		Base yr. 2017-18	2020-21**	2021-22**	2022-23**	% change on base yr.
Waste (tonnes)	Landfilled*	2.10	0.00	0.00	0.00	-100%
	Hazardous waste disposed	-	1.00	1.00	1.00	n/a%
	Reused/recycled	23.10	36.00	41.00	8.00	-65%
	Composted	22.50	4.32	2.00	1.00	-96%
	ICT waste recycled, reused and recovered (externally)	-	-	5.00	1.00	n/a%
	Incineration with energy recovery	34.60	16.60	18.00	8.00	-77%
	Incineration without energy recovery	0.00	0.00	0.00	0.00	0%
	Total Waste	82.30	57.92	67.00	19.00	-77%
Spend (£)	Total Waste	17,500	25,689	29,700	1,811	-90%

*Landfill and Hazardous waste data has only been collected since 2016-17 and 2018-19 respectively

**Note that the Gallery has been closed to the public since 2020-21 and usage has fallen accordingly.

Finite Resources, Water

		Base yr. 2017-18	2020-21 (revised)*	2021-22*	2022-23*	% change on base yr.
Water use (m ³)	Total scope 1 & 2	16,193	2,949	4,860	1,943	-94%
	Total scope 2 litres per visitor	0.009	n/a	n/a	n/a	n/a%
Expenditure (£)	Water Supply	36,605	10,672	15,768	6,646	-82%

*Note that the Gallery has been closed to the public since 2020-21 and usage has fallen accordingly.

Performance against Government Greening Commitments

The National Portrait Gallery has been closed to the public for a large refurbishment, which improved the outlook in the short term. We expect to improve on the 2017-2018 baseline on the opening of the Gallery in June 2023.

Sustainable Procurement

The Gallery is adapting to new ways of working under the *Inspiring People* improvements, replacing old equipment with new and reviewing services along with service providers. A mainstay of this is inspecting suppliers' sustainability statements, including how they deal with their supply chain and waste recycling.

Nature recovery and biodiversity action planning

The National Portrait Gallery actively works to preserve and enhance biodiversity within its estate. The Gallery staff took over management of the Gallery's beehives in 2015-16, and have continued to look after the colonies and harvest honey from the hives kept on the roof since 2010. This activity has been temporarily suspended due to a combination of the impacts of the Covid-19 pandemic and the *Inspiring People* construction project.

Climate change adaption

Adapting to new processes to reduce energy usage, which in turn reduces the Gallery's carbon footprint are key. Reducing waste is a key part of the Gallery's ongoing plan from the obvious to the not so obvious, for example heat recovery systems. Current Gallery equipment is being reviewed

and its climate impact noted, for example the current steam boiler, which could be replaced with a lower climate-impact alternative, and old lighting which could be upgraded. Additions to the Gallery are also being considered, including new processes for the environmental control of the Gallery spaces.

Reducing environmental impacts from ICT and Digital

The ICT and Digital teams at the Gallery have contributed to reducing the Gallery's environmental impact during 2022-23 through several different initiatives. These include encouraging Microsoft Teams meetings to reduce emissions related to travel to physical meetings; not having AV equipment running onsite during Gallery closure; introducing QR codes for online voting for the *Taylor Wessing Photographic Portrait Prize 2022*, rather than having digital kiosks in the exhibition; introducing Portfolio (DAMS), enabling staff to view centrally-stored galleries of images rather than creating local copies, reducing the environmental impact from storage; deleting hi-res jpegs from the Gallery's server to instead be created as and when required by staff, again reducing the environmental impact from storage; and working on new templates for the website to reduce the website's carbon footprint by reducing page load times and reducing server space used.

Sustainable Construction

As part of the Government's initiatives towards sustainable construction, choice of materials and re-use of materials is fully considered by the Gallery. The Gallery has large amounts of lime plasterwork which sequesters CO₂; the lime is sourced locally from the South Downs.

Immunity from seizure

The National Portrait Gallery is an approved body under section 136 of the *Tribunals, Courts and Enforcement Act 2007*. This means that, subject to meeting the conditions set out in the Act, objects on loan from outside the United Kingdom for the purposes of a temporary exhibition may not be seized or forfeited by a United Kingdom court order (unless the court is required to make the order under European Community or international obligations). In accordance with regulations made under the Act, the National Portrait Gallery publishes on its website specified information about such protected objects. This includes details of the provenance of the objects including a statement indicating whether or not the National Portrait Gallery possesses a complete history of ownership between the years 1933 and 1945.

The National Portrait Gallery's Due Diligence Policy is published online as part of the Freedom of Information Publication Scheme on the Immunity from Seizure pages of the National Portrait Gallery's website. The National Portrait Gallery has its own staff training materials for provenance research and internal staff meetings are held to discuss issues relating to immunity from seizure and due diligence.

Immunity from Seizure was not used during 2022-23 (was not used in 2021-22).

Financial review

In line with relevant reporting requirements, the consolidated Statement of Financial Activities combines income and expenditure, capital (including major capital projects) and acquisitions for the Collection (including donated works of art). In terms of controllable revenue and expenditure items in the income and expenditure statement, National Portrait Gallery has delivered a surplus for the year.

The consolidated Statement of Financial Activities on page 61 shows total income of £34,213,000 (£35,293,000 in 2021-22). Of this amount, £8,318,000 (£6,750,000 in 2021-22) was applied to the capital programme, £4,508,000 (£305,000 in 2021-22) to Collection acquisitions and £nil (£nil in 2021-22) to Endowment Funds. The remaining £21,387,000 (£28,238,000 in 2021-22) was applied to ongoing operations (see expenditure below).

The National Portrait Gallery received £18,623,000 of Grant in Aid (£15,498,000 in 2021-22), provided through DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £10,305,000 (£8,748,000 in 2021-22)
- capital expenditure grant used to support the purchase and maintenance of fixed assets of £8,318,000 (£6,750,000 in 2021-22)

The National Portrait Gallery continues to supplement this grant from other sources and self-generated income from trading and fundraising amounted to £15,590,000 for the year (£19,628,000 in 2021-22). The variance in self-generated income is because fundraising activity for the *Inspiring People* project has reduced as it nears completion.

The final instalment of a £8,800,000 loan was received from DCMS in the year (£2,233,163) to fund the forecast operational deficit during closure and cashflow for the *Inspiring People* project.

Expenditure includes the costs of generating donations and legacies, trading and other costs, investment management costs and costs of charitable activities. The consolidated Statement of Financial Activities on page 61 shows total expenditure of £17,007,000 (£13,996,000 in 2021-22). Of this amount £2,609,000 (£2,383,000 in 2021-22) was applied to the capital programme, £1,261,000 (£12,000 in 2021-22) to Collection acquisitions, £12,000 (£19,000 in 2021-22) to Endowments and £13,125,000 (£11,582,000 in 2021-22) was applied to ongoing operations.

The consolidated Statement of Financial Activities on page 61 also shows that in total during 2022-23, the National Portrait Gallery decreased restricted funds by £2,933,000 (£23,084,000 increase in 2021-22), decreased unrestricted funds by £3,649,000 (£387,000 increase in 2021-22) and decreased endowment funds by £233,000 (£19,000 increase in 2021-22), mainly due to loss on investments of £221,000. The movement in restricted and unrestricted funds includes a loss on revaluation of £22,393,000.

Over the past year, the National Portrait Gallery has added works of art valued at £3,421,000 to the Collection (£432,000 in 2021-22). Of this figure, £1,859,000 has been donated by individuals either directly or in lieu of tax (£305,000 in 2021-22). Funding for purchased works of art has come from many sources, including donors and self-generated income.

Reserves and funds carried forward of £158,167,000 (£164,982,000 in 2021-22) are:

<u>Reserves</u>	2023	2022
	£000	£000
Revaluation reserve	35,818	58,230
Capital reserves	60,188	37,223
Works of art reserves	38,924	35,503
General reserve	5,297	4,502
Endowment funds	3,294	3,527
Other restricted reserves	14,646	25,997
Other designated reserves	-	-
Total Reserves	158,167	164,982

For more details on reserves, please refer to note 18.

Fixed assets

The Trustees hold the freeholds of the Gallery and land at Saint Martin's Place, London.

Additions to tangible fixed assets during the year of £25,088,000 (£14,647,000 in 2021-22) comprise £810,000 (nil in 2021-22) in relation to land, £1,912,000 (£16,000 in 2021-22) in relation to freehold buildings, £20,759,000 (£14,281,000 in 2021-22) in relation to the *Inspiring People* asset under construction, and £1,607,000 (£350,000 in 2021-22) on plant and machinery and other assets. A full revaluation of the Trustees' property holdings was undertaken at 31 March 2023 by Montagu Evans, independent property consultants, resulting in a downwards revaluation of £22.4m.

Additions to intangible assets during the year of £528,000 (£85,000 in 2021-22) comprise £316,000 (£44,000 in 2021-22) in relation to complete intangible assets, and £212,000 (£41,000 in 2021-22) in relation to intangible assets under construction.

Heritage assets comprise works of art; additions of £3,421,000 in the year (£432,000 in 2021-22) include items donated, bequeathed or given in lieu of tax to the National Portrait Gallery with an approximate value of £1,859,000 (£305,000 in 2021-22). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 11.

Subsidiary undertakings

The results of the National Portrait Gallery's trading subsidiary are summarised in note 22 to the financial statements.

Payment of creditors

The National Portrait Gallery aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2022-23 72% (70% in 2021-22) of invoices were settled in 30 days or less.

Going Concern

The Gallery is established by the 1992 Museums and Galleries Act and has a statutory funding mechanism in place. The Gallery is not aware of any planned policy changes which would affect the going concern basis. As well as this, the Gallery was closed between 2020 and 2023 as a result of the *Inspiring People* project and a loan from the Department of Culture, Media and Sport covered both operating losses and cashflow shortfalls during this period. After reviewing the National Portrait Gallery's budgets, forecast, anticipated Grant in Aid receipts, there is a reasonable expectation that the Gallery has adequate resources to continue in operational existence for the foreseeable future. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Reserves policy

The Trustees review the reserves held annually, with reference to guidance from the Charity Commission. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The Trustees consider that under normal operating conditions, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to four months' worth of unrestricted charitable expenditure should be maintained.

However, the Gallery has been closed as a result of the *Inspiring People* project and operating conditions are significantly different. Given this, Trustees consider that it will be necessary to vary from the reserves policy in the short and medium term, and that the Gallery may have negative reserves through to 2025-26, with the intention of rebuilding reserves that meet the reserves policy by 2028-29, with the aim of meeting the reserves policy at an earlier date if possible.

The Trustees consider the General fund and the *Inspiring People* fund when reviewing the reserves policy. They are both unrestricted funds, some of which are designated by Trustees for specific purposes. Please see note 18 for further information.

At the year end the reserves under consideration in respect of the reserves policy totalled £5,297,000 (£4,502,000 in 2021-22), equivalent to five months' (five months in 2021-22) worth of unrestricted charitable expenditure. The unrestricted reserve is reviewed by the Finance and Operations Committee.

Investments

An Investment Committee monitors the performance of the investment portfolio. The National Portrait Gallery's investment managers ensure that all investments are suitable under the Standard Investment Criteria of the *Trustee Act 2000*. All investments are classified as short-term at the reporting date, with the exception of the the Heinz Archive fund which is classified as a long-term investment.

The objectives of the investment strategy are:

- (i) For funds required for liquidity purposes, to preserve capital in real terms with some modest potential for growth in purchasing power and,
- (ii) For longer term funds to grow the real value of the investment capital on a total return basis after deduction of annual spend, commensurate with predetermined risk and liquidity parameters.

Long-term investments

Long-term investments consist solely of the Heinz Archive Fund. The annual income from the Heinz fund will support the core activities of the Heinz Library & Archives.

At 31 March 2023, the Heinz Archive fund was valued at £1,543,000 (£1,634,000 in 2021-22); historic cost £1,580,000 (£1,619,000 in 2021-22).

Short-term investments

In order to facilitate the acquisition of *Portrait of Mai (Omai)*, notice was given prior to year end to redeem both the Master Portfolio and the Heinz Acquisition Fund and hence both funds have been classified as short-term at the balance sheet date.

The Master Portfolio/Heinz Acquisition fund

The Master Portfolio is a collective investment scheme, created by Partners Capital, that invests across a range of asset classes and securities (which may include investments in other collective investment schemes). The objective is to seek an income yield of 5.5% to 6% nominal returns, based on a target return of RPI plus 2%. At 31 March 2023, the Master Portfolio/Heinz acquisition fund was valued at £10,111,000 (£10,825,000 in 2021-22); historic cost £5,181,000 (£5,221,000 in 2021-22).

Investment and Contingency Fund

The Investment and Contingency Fund (I&CF) contains current asset investments held for the purposes of producing a return, but the Gallery considers that they should remain highly liquid and available to spend within the next 12 months.

At 31 March 2023, the I&CF was valued at £12,694,000 (£13,618,000 in 2021-22); historic cost £12,619,000 (£12,619,000 in 2019-20).

The National Portrait Gallery's investment managers, Partners Capital LLP advise on the investment strategy required to meet the objective. Fund performance is measured against agreed benchmarks, and an asset profile is agreed for each fund. Rebalancing of the portfolio is agreed at Investment Committee meetings in response to market conditions.

Fundraising

The National Portrait Gallery follows the regulation scheme established by the Fundraising Regulator and complies with the Code of Fundraising Practice.

During the year there were no failures of compliance and the Gallery received no complaints about its fundraising activities.

The Gallery protects vulnerable people and other members of the public from unreasonable intrusion, in that it does not cold call, operate telephone fundraising, street fundraising or undertake mass direct marketing campaigns. The Gallery's CRM system enables it to monitor approaches and ensure no one experiences multiple approaches or solicitations which might place pressure on them to give money.

Fulfilment of Museums and Galleries Act Aims

The National Portrait Gallery's fulfilment of the Museums and Galleries Act aims is best reflected by its expenditure on charitable activities. Charitable activities expenditure is broken down into three main areas: 'Extending & broadening audiences', 'Developing the Collection', and 'Increasing understanding & engagement with the Collection', with a total expenditure of £13,615,000 (2021-22: £10,204,000). Overall, 80% of expenditure (2021-22: 73%) is spent on charitable activities. Gallery activities comprises all those costs associated with the public programmes of the Gallery and of the media programmes and website; this includes exhibitions, education and communications and marketing expenditure. Gallery operations comprises visitor services and operations costs. Collections comprises all those costs associated with the National Portrait Gallery Collection; this includes conservation, art handling, photography and acquisitions related expenditure.

Social policy and wider public benefit

The National Portrait Gallery aims to serve a wide public and be as inclusive as possible, and the initiatives and projects described earlier in the Annual Report demonstrate this commitment.

In addition to creating a rich programme of activity for all audiences, the Gallery has sought to reach audiences beyond its walls by sharing and celebrating the Collection across the UK and internationally. The *Inspiring People* Activity Plan, the Hospitals Programme and *COMING HOME* are all examples of activity delivered in towns and cities across the UK, aiming to enhance access

to the Collection and to extend and broaden the range of audiences for the Gallery and its work through participation and learning activity.

Involving young people in programming and audience development, and the development of the new Learning Centre in particular, through the Youth Forum is a further example of how the Gallery has sought to foster long-term engagement with a wider range of audiences, providing them with opportunities to express their views and contribute to wider discussion and debate.

Alongside this activity, the Gallery enhanced its digital offer in 2022–23 with new online content and features that have transformed the online experience, such as the ability to virtually ‘meet’ and hear from the sitter.

Overall the public benefits from the preservation, display, access and research, and promotion of portraiture of British persons.

In defining the strategic direction of the National Portrait Gallery and future planning, the Trustees believe that they have complied with the duty in section 17 of the *Charities Act 2011* to have due regard to public benefit and the relevant guidance published by the Charity Commission.

Auditors

Under statute, the Comptroller & Auditor General is the auditor of the Gallery's accounts for the year 2022-23. The audit fee in respect of this work was £62,600 (£53,000 in 2021-22). The National Audit Office did not provide any non-audit services. PKF Littlejohn LLP is the auditor for the National Portrait Gallery Company Limited and the audit fee in respect of their work was £12,520 (£9,580 in 2021-22).

So far as the Accounting Officer and Trustees are aware, at the time of approving the Annual Report, there is no relevant audit information of which the charitable non-departmental public body's (NDPB's) auditors are unaware. The Accounting Officer and Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charitable NDPB's auditors are aware of that information.

Signed

Dr Nicholas Cullinan
Director, the National Portrait Gallery

12 July 2023

Signed

David P J Ross
Chairperson, the National Portrait Gallery

12 July 2023

ADVISERS

The principal address for the Board of Trustees of the National Portrait Gallery is:

The National Portrait Gallery
Saint Martin's Place
Charing Cross
London
WC2H 0HE

Auditors

Gallery

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

Gallery Subsidiary

PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD

External Advisors

Bankers

National Westminster Bank
Strand Branch
PO Box 414
38 Strand
London
WC2H 5JB

Investment Advisors

Partners Capital LLP
5th Floor
5 Young Street
London
W8 5EH

Internal Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Solicitors

Michelmores LLP
Woodwater House
Pynes Hill
Exeter
Devon
EX2 5WR

REMUNERATION REPORT

Membership

The Remuneration Committee, advising on contractual terms and remuneration for the Director, is made up of the following Trustees: David Ross, Professor Shearer West CBE, Roger Blundell, the Rt Hon Chris Grayling MP, Dr Joanna Kennedy OBE, Sir Peter Stothard and Chris Townsend CBE.

Policy on the Remuneration of the Director

Annual pay increases for the Director who comes under the scope of the Committee are determined as set out in the Director's employment contract and on the basis of an assessment of performance against agreed objectives, taking into account external market comparisons.

The Director is a member of the Principal Civil Service Pension Scheme (PCSPS) with associated redundancy and retirement conditions.

The Director is a permanent employee of the National Portrait Gallery, with a notice period of six months. Termination payments are in accordance with the National Portrait Gallery contractual terms.

Senior Directors

The National Portrait Gallery is required to prepare a remuneration report containing certain information about the directors' remuneration as a result of the Accounts Direction from DCMS which required the Gallery to follow the Financial Reporting Manual (FRM) paragraph 6.4.3. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

The Accounting Officer has decided that this requirement encompasses the posts listed below, whose emoluments and pension details are disclosed. The National Portrait Gallery considers that no other key management personnel details need to be disclosed under this guidance for 2022-23.

The Remuneration Committee agreed to defer consideration of the Director's annual pay increase (due from 1 April 2023) and non-consolidated performance pay (of up to £15,000 and related to 2022-23) until the autumn of 2023. The Remuneration Committee have agreed that given the success of re-opening the Gallery opening on time and on budget, to pay a non-consolidated payment related to re-opening the Gallery of £20,000 in the summer of 2023, which will form part of the Director's 2023/2024 remuneration.

The following paragraphs, marked "(audited)", within the Senior Directors' section of the Remuneration Report have been subject to audit.

Salary entitlements (audited)

		2022-23	2021-22
		£000	£000
Nicholas Cullinan	Director	125-130	110-115
Ros Lawler	Chief Operating Officer	95-100	90-95

Remuneration Breakdown (audited)

	2022-23					2021-22				
	Salary (excluding non- consolidated performance- related pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000	Salary (excluding non- consolidated performance pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000
Nicholas Cullinan, Director	125-130	-	-	47	170-175	110-115	10-15	-	39	165-170
Ros Lawler, Chief Operating Officer	95-100	-	-	38	135-138	90-95	-	-	37	127-132

* The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce, which are disclosed in the table below. The total remuneration of the highest-paid director in the National Portrait Gallery in the financial year 2022-23 was £170,000 - £175,000 (£165,000-£170,000 2021-22), and £125,000 - £130,000 (£125,000-£130,000 in 2021-22) excluding pension benefits. This was 3.8 times (4.1 in 2021-22) the median remuneration of the workforce. The reduction in the ratio in 2022-23 is due to the deferral of the director's non-consolidated bonus as disclosed in the paragraph above. In 2022-23, nil employees (nil in 2021-22) received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind where applicable. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Percentiles (audited)

	2022-23			2021-22		
	25 th percentile/pay ratio	Median pay ratio	75 th percentile/pay ratio	25 th percentile/pay ratio	Median pay ratio	75 th percentile/pay ratio
Highest paid director's total remuneration band (excluding pension benefits)	£125,000 - £130,000			£125,000-£130,000		
Employee total remuneration	£27,430	£33,760	£39,608	£24,720	£31,370	£40,000
Employee salary	£27,430	£33,760	£39,608	£24,720	£31,370	£39,999
Ratio (total remuneration)	4.6	3.8	3.2	5.2	4.1	3.2

The table below shows the percentage change for salary, other benefits (excluding pension) and bonus for the highest paid Director and the NPG's employees (based on total full-time equivalent total reward for the relevant financial year).

		Salary	Performance pay	Bonus
Change from 2021-22 to 2022-23	Highest paid Director	10%	0%	0%
	NPG Employees	11%	0%	0%

Pension Breakdown (audited)

	Accrued pension at pension age at 31 March 2023 £000	Real increase / (decrease) in pension at pension age £000	CETV at 31 March 2023 £000	CETV at 1 April 2022 or start date £000	Real increase / (decrease) in CETV £000
Nicholas Cullinan, Director					
Pension	30-35	2.5-5	399	341	20
Lump sum	-	-	-	-	-
Ros Lawler, Chief Operating Officer					
Pension	10-15	0-2.5	191	152	23
Lump sum	-	-	-	-	-

Nicholas Cullinan and Ros Lawler are members of the Civil Service defined benefit pensions scheme.

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.

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 members' 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 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 individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction in benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

The real increase in CETV reflects the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, 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. The Board of Trustees of the National Portrait Gallery, who hold overall responsibility for the National Portrait Gallery, are not remunerated.

No compensation for loss of office was paid to board members during the year. Expenses paid are disclosed in note 8 to the accounts.

Staff numbers (audited)

NPG staff	2022-23	2021-22
Employees	151	127
Other staff (includes agency/temporary staff)	77	77
Total	228	204

The staff turnover percentage for 2022-23 was 22% (15% in 2021-22).

The following disclosures are not subject to audit.

Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 1.8 days in 2022-23 (2.9 in 2021-22).

Off-payroll engagements

As a result of the Accounts Directive from DCMS the National Portrait Gallery follows guidance per the Financial Reporting Manual (FRM) paragraph 6.5.31. As of March 2023, there were 7 off payroll engagements for more than £245 per day and that lasted longer than six months (one in 2021-22), as illustrated in the table below.

Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

Number of existing engagements as of 31 March 2023	2022-23	2021-22
Of which, that existed:		
For between 6 months and 1 year	3	-
For between 1 and 2 years	3	1
For between 2 and 3 years	1	-
For between 3 and 4 years	-	-
For 4 or more years	-	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

No. of temporary off-payroll workers engaged during the year ended 31 March 2023	2022-23	2021-22
Of which:		
Not subject to off-payroll legislation	25	-
Subject to off-payroll legislation and in-scope of IR35	-	-
Subject to off-payroll legislation and out-of-scope of IR35	8	1
No. Of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which: no. Of engagements that saw a change to IR35 status following review	-	-

Expenditure on Consultancy

During 2022-23, the National Portrait Gallery spent £194,981 (£222,259 in 2021-22) on consultants.

Staff policies applied during the financial year

The Gallery is dedicated to encouraging a supportive and inclusive culture. The Gallery's Equality & Diversity and Recruitment policies are published on the NPG website*.

Staff policies applied:	
For giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities.	<ul style="list-style-type: none"> - The NPG is a signatory of the Disability Confident employer scheme, which encourages employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people - All new employees complete a health check and the Gallery's HR team request permission from the new starter to discuss any disability with their manager, assessing what support or reasonable adjustments they require to perform their job
For continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company.	<ul style="list-style-type: none"> - As set out in the Gallery's Equality & Diversity policy, the NPG is committed to providing equality and fairness to all employees and to not provide less favourable facilities or opportunities on the grounds of disability - HR and/or an employee's line manager can recommend an Occupational Health referral to understand if there is a need for reasonable adjustments or additional support and training - A risk assessment can be conducted to identify any areas for improvement which may otherwise cause harm
Otherwise for the training, career development and promotion of disabled persons employed by the company.	<ul style="list-style-type: none"> - All employees have access to SkillGate, the Gallery's e-learning platform, containing over 100 courses that contribute to professional development - The Engagement survey in June 2023 will be reviewed to include questions to assess our EDI gaps, this will provide the organization with data on what we need to address. Training will be developed accordingly and changes to processes if required will be addressed. The following survey will be used to measure the impact of the training and changes

	<ul style="list-style-type: none"> - The Gallery is taking part in a Research Program with Leicester University. This opportunity to work with the University will allow us to undertake an analysis of the needs of the organization with a cross functional working group of individuals from across the Gallery. Not only will the Gallery benefit from implementing an EDI related program/training based on our needs this will also serve as a learning opportunity for the core working group to work and learn from externals that have implemented projects with other organizations across the sector - The People and Culture team will facilitate establishing a culture of inclusivity through reviewing the tools and training provided to leaders this fiscal year, this includes: <ul style="list-style-type: none"> o Developing a module on EDI in our leadership development program planned to launch in September o Update our probationary review forms o Update our performance evaluation forms/process o Recruitment training tools and briefing presentation will be updated
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* Equality & Diversity policy: <https://www.npg.org.uk/about/corporate/gallery-policies/equality-policy>
Recruitment policy: <https://www.npg.org.uk/about/corporate/gallery-policies/recruitment-policy>

Trade union facility time

In accordance with the Trade Union (Facility Time Publication Requirements) regulations 2017, all entities are required to present information on trade union facility time in their organisations. Facility time is paid time off for union representatives to carry out trade union activities.

Relevant union officials

	2022-23	2021-22
Number of employees who were relevant union officials during the relevant period	3	4

Percentage of time spent on facility time

Percentage of time	2022-23 Number of employees	2021-22 Number of employees
0%	-	-
1-50%	3	4
51%-99%	-	-
100%	-	-

Percentage of pay bill spent on facility time

	2022-23	2021-22
Total pay bill (wages + ER NI +ER Pension)	£653	£1,324
Percentage of facility time against total pay bill	0.01%	0.02%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.42%	0.63%

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

Under Section 9(4) and (5) of the *Museums and Galleries Act 1992*, the Board of Trustees is required to prepare a statement of account in the form and on the basis directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Portrait Gallery and of its net incoming resources and net movement in funds and cash flows for the financial year.

In preparing the National Portrait Gallery accounts the Board of Trustees and Director, as Accounting Officer, are required to:

- observe the accounts directions 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 that are reasonable and prudent;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual 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 National Portrait Gallery will continue its operation.

The Accounting Officer for the DCMS has designated the Director as the Accounting Officer for the National Portrait Gallery. Their relevant responsibilities as Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which they are answerable and for the keeping of proper records and for safeguarding the National Portrait Gallery's assets, are set out in Managing Public Money.

The Accounting Officer and Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the charitable NDPB's auditors are aware of that information. "Relevant audit information" means information needed by the entity's auditor in connection with preparing the audit report. The Accounting Officer and Trustees confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and have taken personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Signed

Dr Nicholas Cullinan
Director, the National Portrait Gallery

12 July 2023

Signed

David P J Ross
Chairperson, the National Portrait Gallery

12 July 2023

* a copy of which is available from: The Accounting Officer, the National Portrait Gallery, St Martin's Place, London, WC2H 0HE

GOVERNANCE STATEMENT

Introduction

The National Portrait Gallery (the Gallery) is an executive non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS) and an exempt charity defined by Schedule 3 to the Charities Act 2011. It is exempt from registration with, and oversight by, the Charity Commission and is regulated by DCMS in accordance with a management agreement agreed by the Secretary of State for Culture, Media and Sport for charity law purposes. The Gallery's management agreement for the period 2016-2020 sets out the governance framework within which the Gallery operates. The agreement continues to remain in place until it is superseded by the Framework Agreement which will soon be coming into force.

The Governance Framework

The Gallery is governed by a Board of Trustees in accordance with the provisions of the Museums and Galleries Act 1992 (the Act). The Board of Trustees is a body corporate which acts collectively to add to, to safeguard and to promote the Gallery and its collections in the best interests of the public. The Board is responsible for providing strategic leadership and oversight.

The Board is advised by a number of formal sub-committees, some of which have delegated authority, as set out below.

The Board delegates the management and administration of the Gallery to the Director, currently Dr Nicholas Cullinan, who is responsible to the Board for the general exercise of its functions, and as the Gallery's Accounting Officer, he is responsible to the Board of Trustees, DCMS and Parliament for safeguarding the public funds for which he has charge.

The governance framework comprises the systems and processes, culture and values by which the Gallery is directed and controlled. It enables the Board to monitor progress against the Gallery's strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective activities. It also ensures accountability.

Operation of the Board of Trustees and Board Sub-committees

The Board consists of sixteen Trustees as set out in the Act, who meet quarterly. Two of the Trustees are *ex-officio* Trustees and the remaining fourteen are appointed by the Prime Minister, on the recommendation of the Secretary of State for Culture, Media and Sport with oversight by the Commissioner for Public Appointments following a transparent public appointment process which follows the Government's Governance Code for Public Appointments. In addition, the Chair of the National Portrait Gallery Company Board, currently Christopher Townsend CBE, attends the meetings of the Board of Trustees as an independent co-opted Trustee.

Trustees are usually appointed for a term of four years and may be reappointed for a further term. Trustees elect a Chair from among their number.

The induction process for Trustees includes meetings with the Chair of the Board, Gallery Directors and senior staff and, where relevant, the Chairs of the Board's Committees. As part of their induction, Trustees receive information about the Gallery as well as the role and responsibilities of the Board and individual Board members. This is supplemented by an introductory pack containing key documents and publications including the Governance Handbook, the most recent Annual Report and Accounts and information about the *Inspiring People* project. Appropriate training and ongoing support is also available, depending on need and the interests of the Trustee.

The Board of Trustees is required to follow the principles established by the Nolan Committee all public bodies are expected to adhere to; this includes the declaration of individual Trustees' interests. A Register of Trustees' interests is kept to identify any potential, perceived or actual conflicts of

interest. The Register is updated throughout the year as new interests arise. It is formally reviewed by the Audit and Risk Committee and the Board of Trustees at the end of each financial year and is publicly available upon request.

In performing their role, Trustees are expected to provide critical commentary on the current activities of the Gallery and to determine its overall direction for the future. Outside Trustee meetings, they will make themselves available for consultation and specialist advice, whenever appropriate, as well as acting externally as advocates for the Gallery and assisting in the processes of fundraising.

The Board has a detailed forward-looking agenda which enables Trustees to understand, contribute to and consider a wide range of matters that may influence or affect the Gallery's achievement of its mission and objectives.

The Board Secretariat ensures that Trustees receive timely information on all relevant matters prior to each Board meeting and, as applicable, sub-committee meetings. Board papers are circulated electronically one week prior to meetings, to ensure there is adequate time for them to be read and considered, and to facilitate focused, robust and informed discussions at meetings.

Delegation of authority and matters reserved to the Board

The Act provides for the establishment, constitution, functions and property of the Board of Trustees. A number of specific issues are reserved for decision by the Board of Trustees:

- approval of the forward plan, including strategic priorities and budgets;
- approval of the statutory accounts and Annual Report;
- acquisition and disposal of land and buildings;
- approval of all contracts over £250k;
- acquisitions of artworks for the Primary Collection;
- disposal of works from the Collection;
- formation and dissolution of subsidiary companies and sub-committees of the Board;
- appointments of the Chairs of the Board's sub-committees and of subsidiary directors;
- authorisation of signatories on behalf of the Board;
- approval of organisation-wide policies;
- appointment of the Director, with the approval of the Prime Minister; and
- approval of the Gallery's Management Agreement with the DCMS.

The Board has established sub-committees to undertake its activities more efficiently, as set out below:

- Sub-Committees with delegated authority from the Board: Investment Committee, *Inspiring People* Project Board, Re-opening Committee; and
- Advisory Committees with no formal decision-making authority: Finance and Operations Committee, Ethics Committee, Audit & Risk Committee, Chair's Group, Curatorial Committee, Remuneration Committee.

Board/ Sub-Committee	Type	Remit
Board of Trustees of the National Portrait Gallery	Board	Discharges statutory duties under the Museums and Galleries Act 1992. The Board oversees the management of the Gallery, with the Trustees acting as guardians of the public interest. It approves policy and the strategic direction for the Gallery, leaving operational matters to the Director. The Board decides on all acquisitions and strategic resource allocations. It represents the Gallery externally, monitors the organisation's

		performance against its agreed objectives and targets, and ensures the stewardship of public funds.
Audit and Risk Committee	Board Sub-Committee	Considers the Gallery's internal control structure, internal and external audit risk, compliance with the regulatory environment and the statutory accounts.
Chair's Group	Board Sub-Committee	Advises on governance matters and succession planning for Trustees and Board Sub-committees.
Curatorial Committee	Board Sub-Committee	Advises on artistic, programming and curatorial matters.
Ethics Committee	Board Sub-Committee	Advises on potential donations and wider ethical and reputational issues referred to it for advice by the executive or the Board of Trustees.
Finance and Operations Committee	Board Sub-Committee	Considers the Gallery's budgets, financial performance and reserves and reviews <i>Inspiring People</i> financial information.
<i>Inspiring People</i> Project Board	Board Sub-Committee	Reviews all aspects of the <i>Inspiring People</i> Project including design, costs, fundraising and risk.
Investment Committee	Board Sub-Committee	Reviews the performance of the Gallery's investment funds and advises on investment strategy.
Remuneration Committee	Board Sub-Committee	Advises on contractual terms and remuneration for the Director.
Re-opening Committee	Board Sub-Committee	Advised on plans for the reopening of the Gallery. Established in July 2022.

Membership and Attendance

The Board of Trustees*

During the year, the Rt Hon Penny Mordaunt MP replaced the Rt Hon Mark Spence MP as the Lord President of the Council ex-officio Trustee in September 2022 following a cabinet reshuffle. Blake Shorthouse was appointed from 1 April 2022 as the Gallery's Fundraising Trustee. In September 2022, Marcus Harling, Professor Shearer West CBE, and Jonathan Yeo were reappointed for a second term of office.

Trustees who served during the year and their attendance at meetings* are shown below:

- David Ross (Chair) – 4 of 4 meetings
- Roger Blundell – 4 of 4 meetings
- Dr Mark Cecil – 4 of 4 meetings
- Inaya Folarin Iman – 4 of 4 meetings
- The Rt Hon Chris Grayling MP – 3 of 4 meetings
- Marcus Harling – 4 of 4 meetings
- Dr Joanna Kennedy OBE – 4 of 4 meetings
- Rebecca Salter PRA (*ex-officio*) – 4 of 4 meetings
- Bjorn Saven – 4 of 4 meetings
- Simon Sebag Montefiore – 4 of 4 meetings
- Sir Peter Stothard – 4 of 4 meetings
- Christopher Townsend CBE (*co-opted*) – 4 of 4 meetings
- Dr Rachel Wang – 4 of 4 meetings
- Professor Shearer West CBE – 4 of 4 meetings
- Jonathan Yeo – 4 of 4 meetings
- Blake Shorthouse – 4 of 4 meetings
- The Rt Hon Penny Mordaunt MP (*ex-officio*) – 0 of 2 meetings

* (attendance at those meetings Trustees were eligible to attend)

Board Sub-Committees

Membership and attendance* at meetings during 2022-23:

<p><i>Audit and Risk Committee</i> The Audit and Risk Committee met 4 times in 2022-23 (4 in 2021-22).</p> <ul style="list-style-type: none"> • Roger Blundell (Trustee, Chair) – 4/4 • Marcus Harling (Trustee) – 3/4 • Dr Mark Cecil (Trustee) – 4/4 • Neil Spence (Co-opted Member) – 3/4 • Tony Poulter (Co-opted Member) – 4/4 • Dr Peter Gist (Co-opted Member) – 1/1 	<p><i>Finance and Operations Committee</i> The Finance and Operations Committee met 4 times in 2022-23 (4 in 2021-22).</p> <ul style="list-style-type: none"> • The Rt Hon Chris Grayling MP (Trustee, Chair) – 4/4 • Roger Blundell (Trustee) – 4/4 • David Ross (Trustee) – 2/4 • Neil Spence (Co-opted Member) – 3/4 • Tony Poulter (Co-opted Member) – 3/4 • Dr Peter Gist (Co-opted Member) – 1/1
<p><i>Investment Committee</i> The Investment Committee met 3 times in 2022-23 (3 in 2021-22).</p> <ul style="list-style-type: none"> • Bjorn Saven (Trustee, Chair) – 3/3 • Anthony Brooke (Co-opted Member) – 3/3 • Dr Mark Cecil (Trustee) – 3/3 • David Ross (Trustee) – 1/3 • Jeremy Sillem (Co-opted Member) – 3/3 	<p><i>Inspiring People Project Board</i> The <i>Inspiring People</i> Board met 12 times during 2022-23 (11 in 2021-22).</p> <ul style="list-style-type: none"> • Dr Joanna Kennedy OBE (Trustee, Chair) – 12/12 • Marcus Harling (Trustee) – 12/12 • Dr Peter Gist (Independent Member) – 10/12 • The Rt Hon Chris Grayling MP (Trustee) – 10/12 • David Hickey MBE (Independent Member) – 11/12 • Sir Christopher Le Brun (Independent member) – 2/3 • Jenni Lomax OBE (Independent Member) – 8/12 • David Ross (Trustee) – 11/12 • Jonathan Yeo (Trustee) – 4/4

<p>Chair's Group The Chair's Group met 4 times in 2022-23 (6 in 2021-22).</p> <ul style="list-style-type: none"> • David Ross (Trustee, Chair) – 4/4 • Roger Blundell (Trustee) – 4/4 • The Rt Hon Chris Grayling MP – 4/4 • Dr Joanna Kennedy OBE (Trustee) – 4/4 • Sir Peter Stothard (Trustee) – 4/4 • Christopher Townsend CBE (Co-opted Trustee) – 4/4 • Professor Shearer West CBE (Trustee) – 3/4 	<p>Ethics Committee The Ethics Committee met 3 times in 2022-23 (3 in 2021-22).</p> <ul style="list-style-type: none"> • Sir Peter Stothard (Trustee, Chair) – 3/3 • Sir Nicholas Blake (Independent Member) – 3/3 • Blake Shorthouse (Trustee) – 2/2
<p>Curatorial Committee The Curatorial Committee met 6 times in 2022-23 (7 in 2021-22).</p> <ul style="list-style-type: none"> • Professor Shearer West CBE (Trustee) – 6/6 • Sir Peter Stothard (Trustee) – 5/6 • Jonathan Yeo (Trustee) – 5/6 • Simon Sebag Montefiore – 6/6 • Dr Rachel Wang – 2/3 	<p>Remuneration Committee The Remuneration Committee did not meet in 2022-23 as this had been deferred to post reopening of the Gallery.</p>
<p>Reopening Committee The Reopening Committee was established in July 2022; the Committee met 6 times in 2022-23</p> <ul style="list-style-type: none"> • David Ross (Trustee, Chair) – 5/6 • Christopher Townsend CBE (Co-opted Trustee) – 5/6 • Jonathan Yeo (Trustee) – 5/6 • Inaya Folarin Iman (Trustee) – 5/6 • Christopher Le Brun (Co-opted Member) – 3/5 • Victoria Siddall (Co-opted Member) – 4/4 • Lydia Forte (Co-opted Member) – 5/5 	

* (fractions reflect attendance at eligible meetings)

Board and Sub-Committee Business in 2022-23

The Head of Governance, with input from the Chair and the Director's Group, prepares an annual programme of business for the Board to ensure appropriate subject matters are covered at the appropriate times during the year, along with sufficient time allocated for in-depth discussions by the Trustees. This annual programme aligns to the annual programme for sub-committee and Director's Group meetings ensuring consistency and fluid reporting to the Board and that meeting agendas further the Gallery's strategic priorities.

The Board of Trustees

A key focus of the business considered by the Board throughout 2022-23 has been the financial and wider implications of temporary closure for the Gallery, its plans for *Inspiring People* and the reopening of the Gallery in 2023. Effective arrangements were put in place to ensure business continuity and that the Gallery's governance policies and procedures continued to be followed throughout the pandemic: the arrangements will continue to support Trustees with good charity

governance while the Gallery remains closed to complete the *Inspiring People* project. Other key strategic issues and routine business planning considered by the Board included:

Strategic Matters	<ul style="list-style-type: none"> • The plans for the rehang of the national Collection; • The Gallery's Development Growth, Branding and Exhibitions strategies; • The Equality and Diversity Action Plan; • Acquisitions and future commissions in the context of the Collections Development Strategy; • The Corporate Plan for 2023-24; • The Gallery's 10 Year Plan for 2024/2034.
Operational Matters	<ul style="list-style-type: none"> • Regular review of and updates about the <i>Inspiring People</i> project; • Regular progress updates on the fundraising campaign to save Joshua Reynolds' <i>Portrait of Mai (Omai)</i> for the nation • Current and forward budgets, management information, performance against agreed KPIs and the development of the forward business plan; • Updates on opening hours and exhibition ticketing structure for the reopening of the Gallery.
Governance, assurance and risk	<ul style="list-style-type: none"> • The audited accounts and Annual Report; • Scheme of Delegation; • The draft Framework Agreement with the DCMS; • Policy reviews: Expenses Policy, Exhibitions and Displays Policy, Communications Policy, Security and Protection Policy, Wellbeing Policy, Counter Fraud Policy and Modern Slavery Act Statement; • The annual Research, HR and Information Governance reports; • Corporate risks and mitigation plans; • The appointment of members to the Board Committees; • Reports on the work of the various Board Committees.

Minutes of Board meetings, with relevant exemptions applied under the *Freedom of Information Act* 2000 are published on the Gallery's website as part of the Publication Scheme.

Board Sub-Committee reports 2022-23

An important part of the Gallery's accountability and assurance framework during the period was the role played by each of the Board's sub-committees.

During 2022-23, the Audit and Risk Committee, Finance and Operations Committee, Curatorial Committee, Ethics Committee, Chair's Group, the *Inspiring People* Project Board and the Reopening Committee all considered issues of strategy and planning and governance and risk, including reputational risk.

The Audit and Risk Committee covered items of business including the risk register, business continuity planning, cyber security and information governance arrangements, risk management strategies, fraud action plan, internal audits and external audit reports so that Committee members could assure themselves of the appropriate management of the Gallery's affairs. The Audit and Risk Committee also scrutinised the statutory accounts and Annual Report before recommendation to the Board.

The Finance and Operations Committee advised the Board on the budget, management information, staffing plans, cash flows, reserves and the *Inspiring People* project.

The Ethics Committee scrutinised and advised the Board on current and prospective corporate sponsorships and support from individuals, international partnerships and other sources and the extent to which these complied with the provisions of the Gallery's Grants and Donations Policy.

The Chair's Group considered nominations to the Board's sub-committees, the annual Board effectiveness questionnaire and proposed revisions to key governance documents and the sub-committee structure. The Chair's Group also reviewed the strategic planning process for the development of the Gallery's 10 Year Plan prior to formal approval of the Board of Trustees.

The Curatorial Committee scrutinised and advised the Board on the plans for the rehang of the national Collection, including the reinterpretation and in-gallery digital plans, acquisitions and future commissions and policy reviews. The remit of the Committee was expanded during the year to also include oversight and scrutiny of the Gallery's research activities.

The *Inspiring People* Project Board oversaw progress of the construction programme. The Board also considered updates on the Activity Plan, fundraising, the Gallery's plans for the rehang of the national Collection and operational readiness planning.

The Reopening Committee oversaw progress on the operational readiness of the Gallery prior to its opening in July 2023. This involved scrutiny and review of the Gallery's plans for launch events, catering, branding and marketing, as well as the Gallery's membership strategy and schools and young people programme.

Remuneration Committee business was deferred for consideration in 2023-24, as detailed in the Remuneration Report.

Board Effectiveness

Whilst the Board routinely reviews its effectiveness on an annual basis, with the last review having taken place in May 2022, the decision had been taken this year to defer the effectiveness review until after the Gallery has reopened in order that sufficient time and resource could be allocated to this process. The Chair has, however, continued to hold annual appraisal meetings with individual trustees to review their contribution to the Board. Additionally, the Chair's appraisal was conducted by the DCMS in March 2023 in line with current Cabinet Office guidance on ALB Chair appraisals.

Director's Group and the Senior Management Team

The Board has delegated responsibility for the implementation of its strategy and for operational matters to the Director, who has responsibility under the Board for the formulation and recommendation of strategy, and for the overall organisation, management and staffing of the Gallery.

The Director of the Gallery is Dr Nicholas Cullinan. The appointment of the Director is made by the Trustees with the approval of the Prime Minister. The Director is the Gallery's Accounting Officer. He is responsible for the overall leadership of the Gallery, its programmes of activities, the soundness of its finances, business and financial planning and its external representation. The Director leads and chairs the Director's Group, which carries responsibility for developing the work of the Gallery, and debating and deciding on particular initiatives within the policies set by the Board. The Director's Group considers and agrees budgets and resource frameworks, as well as strategies and policies where there are resource implications for the Gallery. It is responsible for developing and implementing the Strategic and Corporate Plans, the Corporate Risk Register and monitors budgets and financial performance.

The Director's Group is supported by the Gallery's senior managers and heads of departments. Appropriate management structures have been put in place throughout the organisation to assist the Gallery's directors and senior managers with overseeing their respective departments and areas of responsibility.

Membership of Director's Group in 2022-23

Name	Job Title
Dr Nicholas Cullinan	Director and Accounting Officer
Alix Gilmer	<i>Inspiring People</i> Project Director
Sarah Hilliam	Director of Development
Ros Lawler	Chief Operating Officer
Dr Alison Smith	Chief Curator
Liz Smith	Director of Learning and Engagement
Anna Starling	Director of Commercial
Sarah Tinsley	Executive Director, Programmes and Partnerships
Denise Vogelsang	Director of Communications and Digital
Lesley Williams	Chief Financial Officer
Rosie Wilson	Interim Director of Exhibitions (from 01 February 2023)

Subsidiary undertakings

The main retailing, catering, publishing, rights & images and events activities of the National Portrait Gallery are carried out by the National Portrait Gallery Company Limited (company number 6015724), a company wholly owned by the Board of Trustees.

As well as the Directors of the Company, the Audit and Risk Committee reviews the performance of the Company, its annual report and accounts, the external auditors' audit strategy and Management Letter. This is done in order to obtain assurance over the activities of the subsidiary during the year. More information about the Gallery's trading subsidiary is summarised in note 22 to the financial statements.

Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit and Risk Committee in January 2023, describes the National Portrait Gallery's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors.

The policy sets out the roles and responsibilities for risk management, including those for the Trustees, Audit and Risk Committee and the Director's Group. The Trustees have responsibility for ensuring effective risk management processes are in place across the National Portrait Gallery (the Gallery), the monitoring of which has been delegated to the Audit and Risk Committee. The actual risk management processes are the responsibility of Gallery management and are embedded in the management process.

Risk is reported at divisional and Gallery-wide levels. Directors are responsible for maintaining a risk register for their division. The most significant risks facing the Gallery are detailed in the corporate risk register, which is reviewed by the Director's Group and the Audit and Risk Committee at least twice a year. The risks have all been assessed and scored for impact, probability and proximity and a mitigation policy has been formulated taking into consideration the targeted risk profile. Each risk is assigned a risk owner.

Risks are explicitly reviewed:

- as part of the annual planning and budget process;
- by the Audit and Risk Committee, consisting of Members of the Board of Trustees and independent members, which meets four times a year;
- at Director's Group meetings, with appropriate action being taken as necessary;
- at a divisional level and acted upon where necessary;
- by the *Inspiring People* capital project board.

The National Portrait Gallery Company Limited's risk registers are reviewed by the Directors of the company.

The targeted risk profile of the Gallery is defined against the following risks:

- programme/content;
- regulation/compliance;
- reputation;
- health and safety, security; and
- financial.

The targeted risk profile is reviewed annually and approved by the Audit and Risk Committee, most recently in January 2023.

At the National Portrait Gallery, the main processes in place for identifying, evaluating and managing risk are:

- to ensure that risk identification is an integral part of the annual planning and budgeting process with risks linked to objectives;
- performance against budget and objectives is regularly reviewed by Trustees;
- key performance indicators are included in internal reports and regularly reviewed by Trustees; and
- Directors consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit and Risk Committee.

Risk management forms a key area of internal audit, underpinning the Annual Internal Audit Opinion. The Board of Trustees has contracted the internal audit service to Mazars, which operates to the standards defined in the Public Sector Internal Audit Standards. The work of the internal auditors is informed by an analysis of the risk to which the organisation is exposed, and annual audit plans are based on this analysis. The analysis of risk and internal audit plans are approved by the Audit and Risk Committee and internal audit reports, key findings and progress towards the implementation of recommendations is reviewed at each meeting.

The internal auditors provide an annual report on the internal audit activity carried out. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the Gallery's arrangements for governance, risk management and control, together with recommendations for improvement.

Based upon the programme of work undertaken by internal audit during 2022-23, the Head of Internal Audit provided the opinion that overall, the Gallery has an adequate and effective framework for risk management, governance and internal control. Four moderate assurance opinions were given and one limited assurance opinion given for assurance reviews carried out and action has been taken to address the recommendations made.

Significant risks

The most significant risks and actions taken to mitigate against these risks are as follows:

Risk	Mitigations:
Delivery of the <i>Inspiring People</i> Project to a high quality and ensuring transformational change	<ul style="list-style-type: none"> • Regular monitoring of staffing levels, recruitment and retention rates, staff wellbeing and feedback • Additional procurement resource implemented for re-opening procurement requirements • Use of DCMS loan to mitigate cashflow and operating losses • Regular review of operational readiness plans overseen by the Reopening Committee • Implementation of cyber security plan.
Ensuring that the Gallery has a sustainable operating and financial model in the medium to long term	<ul style="list-style-type: none"> • Continue to liaise with DCMS on funding options • Three-year budgets have been completed • Continue to work and refine the operating model for the reopening of the Gallery after <i>Inspiring People</i> • Hold higher levels of operating contingency for the re-opening year
Not enough staff to deliver the plans of the Gallery	<ul style="list-style-type: none"> • Listen to staff and respond through regular pulse surveys, with regular internal communications to communicate key decisions and maintain engagement • Implement effective induction programme • Additional temporary staffing resource where budget allows to deal with short-term issues • Prioritise wellbeing for staff • Implement plans as a result of hybrid work survey

Risk Management and Internal Control

The systems of internal control are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on ongoing processes designed to identify and prioritise the risks to the achievement of the Gallery's aims and objectives, and to compliance with its policies, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

The above internal control systems have been in place for the year under review and up to the date of approval of the annual report and accounts.

Whistleblowing policy

The National Portrait Gallery's whistleblowing policy contains arrangements for reporting, in confidence, concerns about a wrongdoing or potential wrongdoing internally and to relevant external bodies. The arrangements are reviewed by the Audit and Risk Committee on a regular basis (date of last review April 2022) and the Committee confirms that appropriate processes are in

place throughout the year to via its annual review to the Board. The policy is made available to all staff. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Audit and Risk Committee so that the impact on the Gallery may be considered.

Significant incidents arising relevant to internal control

There were no significant incidents during the year.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

The following disclosures have been subject to audit

Contingent Liabilities

As at the end of 2022-23, the National Portrait Gallery had no material remote contingent liabilities as are disclosable under Parliamentary reporting requirements (nil in 2021-22).

Statement of Losses and Special Payments

During 2022-23 the NPG did not incur any losses or make any special payments (nil in 2021-22).

Gifts

During 2022-23 the NPG gifted half of the £2.5m acquisition of *Algernon Moses Marsden* by Jacques Joseph (James) Tissot (£1.25m) to the National Gallery, with which it jointly acquired the artwork (nil in 2021-22).

Analysis of fees and charges income

During 2022-23 the NPG did not receive any income from fees and charges (nil in 2021-22).

Signed

Dr Nicholas Cullinan
Director and Accounting Officer, the National Portrait Gallery

12 July 2023

Signed

David P J Ross
Chairperson, the National Portrait Gallery

12 July 2023

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 National Portrait Gallery and its Group for the year ended 31 March 2023 under the Museums and Galleries Act 1992.

The financial statements comprise: the National Portrait Gallery and its Group's:

- Consolidated and National Portrait Gallery Balance Sheets as at 31 March 2023;
- Consolidated Statement of Financial Activities and the Consolidated Statement of Cash Flows for the year then ended; 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 National Portrait Gallery and its Group's affairs as at 31 March 2023 and 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 for 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 and Regularity 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 am independent of the National Portrait Gallery 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 National Portrait Gallery and its Group'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 National Portrait Gallery and its Group'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 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, but does not include the financial statements nor my auditor's certificate thereafter. The Trustees and Accounting Officer 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.

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 the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992.

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

- those parts of the Annual Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Museums and Galleries Act 1992; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Portrait Gallery and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

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

- adequate accounting records have not been kept by the National Portrait Gallery and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- The financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by Secretary of State directions issued under the Museums and Galleries Act 1992 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 Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- 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 the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the National Portrait Gallery and its Group'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 Accounting Officer 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 regulations, 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:

- considered the nature of the sector, control environment and operational performance including the design of the National Portrait Gallery and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the National Portrait Gallery and its Group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Portrait Gallery and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Portrait Gallery's controls relating to the National Portrait Gallery's compliance with the Museums and Galleries Act 1992, Charities Act 2011, and Managing Public Money.
- inquired of management, internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.

- discussed with the engagement team and the relevant internal specialists, including property valuation experts, 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 National Portrait Gallery and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions 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 obtained an understanding of the National Portrait Gallery and its Group's framework of authority as well as other legal and regulatory frameworks in which the National Portrait Gallery and its Group operates, 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 National Portrait Gallery and its Group. The key laws and regulations I considered in this context included, the Museums and Galleries Act 1992, the Public Lending Rights Act 1979, 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:

- I reviewed 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;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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, I assessed the recognition of income in line with the accounting framework and undertook procedures to test the occurrence and cut-off of donations, and legacies.

I communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

17 July 2023

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
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FINANCIAL STATEMENTS

Consolidated Statement of Financial Activities

Incorporating an income and expenditure account, for the Year Ended 31 March 2023

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2021-22 Total funds £000
		2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Total funds £000	2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Total funds £000	2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Total funds £000	2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Endowment funds £000	2022-23 Total funds £000	
Income and endowments from:															
<i>Donations and legacies</i>															
Grant in Aid	4	10,305	-	10,305	8,318	-	8,318	-	-	-	18,623	-	-	18,623	15,498
CJRS Government Grant		-	-	-	-	-	-	-	-	-	-	-	-	-	167
Other donations and legacies		743	7,081	7,824	-	-	-	4,508	4,508	743	11,589	-	-	12,332	16,174
<i>Charitable activities</i>	5	1,043	747	1,790	-	-	-	-	-	1,043	747	-	-	1,790	1,557
<i>Other trading activities</i>	6	1,392	1	1,393	-	-	-	-	-	1,392	1	-	-	1,393	1,877
<i>Investments</i>	12	63	12	75	-	-	-	-	-	63	12	-	-	75	20
Total		13,546	7,841	21,387	8,318	-	8,318	-	4,508	4,508	21,864	12,349	-	34,213	35,293
Expenditure on:															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	813	108	921	128	97	225	-	-	-	941	205	10	1,156	1,098
Fundraising trading: cost of goods sold and other costs	8	1,684	174	1,858	186	149	335	-	-	-	1,870	323	-	2,193	2,670
Investment management costs	8	10	1	11	-	-	-	11	11	10	12	2	-	24	24
<i>Charitable activities</i>	8	9,172	1,163	10,335	1,148	901	2,049	-	1,250	1,250	10,320	3,314	-	13,634	10,204
Total		11,679	1,446	13,125	1,462	1,147	2,609	-	1,261	1,261	13,141	3,854	12	17,007	13,996
Net gains on investments	18	(529)	-	(529)	-	-	-	(878)	(878)	(529)	(878)	(221)	(1,628)	398	
Net income/(expenditure)		1,338	6,395	7,733	6,856	(1,147)	5,709	-	2,369	2,369	8,194	7,617	(233)	15,578	21,695
Transfers between funds	18	4,028	(16,684)	(12,656)	(8,113)	20,778	12,665	-	(9)	(9)	(4,085)	4,085	-	-	-
Other recognised gains/(losses):															
(Loss)/gain on revaluation of fixed assets	18	-	-	-	(7,758)	(14,635)	(22,393)	-	-	-	(7,758)	(14,635)	-	(22,393)	1,795
Net movement in funds		5,366	(10,289)	(4,923)	(9,015)	4,996	(4,019)	-	2,360	2,360	(3,649)	(2,933)	(233)	(6,815)	23,490
Reconciliation of funds:															
Funds brought forward at 1 April 2022	18	10,761	23,995	34,756	7,986	84,228	92,214	-	34,485	34,485	18,747	142,708	3,527	164,982	141,492
Funds carried forward at 31 March 2023		16,127	13,706	29,833	(1,029)	89,224	88,195	-	36,845	36,845	15,098	139,775	3,294	158,167	164,982

All operations of the National Portrait Gallery continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

To provide better understanding of the accounts, the National Portrait Gallery provides enhanced Statement of Financial Activities disclosure beyond the requirements of the SORP.

Full comparative information for 2021-22 for this statement can be found in Note 2.

The notes on pages 65 to 102 form part of these accounts.

Consolidated and National Portrait Gallery Balance Sheets

Balance Sheets at 31 March 2023

	Notes	Group		National Portrait Gallery	
		2023 £000	2022 £000	2023 £000	2022 £000
<i>Fixed assets</i>					
Intangible assets	9	570	85	570	85
Tangible assets	10	95,436	95,368	95,436	95,368
Heritage assets	11	38,924	35,503	38,924	35,503
Investments	12	1,543	12,459	1,543	12,459
Total fixed assets		136,473	143,415	136,473	143,415
<i>Current assets</i>					
Stocks	13	366	360	-	-
Debtors and prepayments	14	2,073	3,173	3,282	4,858
Investments	12	22,803	13,618	22,803	13,618
Cash and liquid resources	15	14,165	18,208	13,407	16,775
Total current assets		39,407	35,359	39,492	35,251
<i>Creditors: amounts falling due within one year</i>	16	(7,123)	(4,932)	(6,982)	(4,824)
<i>Provisions: amounts falling due within one year</i>	16	(23)	(23)	(23)	(23)
Net current assets		32,261	30,404	32,487	30,404
Total assets less current liabilities		168,734	173,819	168,960	173,819
Creditors: amounts falling due after more than one year	16	(10,567)	(8,837)	(10,567)	(8,837)
Total assets less liabilities		158,167	164,982	158,393	164,982
<i>Represented by:</i>					
<i>Restricted reserves</i>					
Restricted funds (excluding revaluation reserves)	18	110,096	98,394	110,096	98,394
Revaluation reserves		29,679	44,314	29,679	44,314
Subtotal		139,775	142,708	139,775	142,708
<i>Unrestricted reserves</i>					
Designated (excluding revaluation reserves)		3,662	329	3,662	329
Revaluation Reserves		6,139	13,916	6,139	13,916
General		5,297	4,502	5,522	4,502
Subtotal		15,098	18,747	15,323	18,747
Total funds		154,873	161,455	155,099	161,455
Endowments	18	3,294	3,527	3,294	3,527
Total funds		158,167	164,982	158,393	164,982

The notes on pages 65 to 102 form part of these accounts.

The financial statements on pages 61 to 64 were approved by the Trustees on:

Signed

Dr Nicholas Cullinan
Director and Accounting Officer, the National Portrait Gallery

12 July 2023

Signed

David P J Ross
Chairperson, the National Portrait Gallery

12 July 2023

Consolidated Statement of Cash Flows

Cash flows for the Year Ended 31 March 2023

	Notes	2023 £000	2022 £000
<i>Cash flows from operating activities:</i>			
Net cash provided by operating activities	20	22,174	26,146
<i>Cash flows from investing activities:</i>			
Dividends and interest	15	61	4
Purchase of intangible assets	9	(527)	(101)
Purchase of tangible assets	10	(25,088)	(14,647)
Purchase of heritage assets	11	(1,561)	(127)
Gift of heritage asset	11	(1,250)	-
Proceeds from sale of investments	12	79	147
Purchase of investments	12	-	(6,192)
Net cash used in investing activities		(28,286)	(20,916)
<i>Cash flows from financing activities:</i>			
Receipt of loan	16	2,233	3,959
Repayment of loan		(150)	(150)
Net cash provided by financing activities		2,083	3,809
Unrealised loss from changes in foreign currency exchange rates	20	(14)	(16)
Change in cash and cash equivalents in the reporting period		(4,043)	9,023
Cash and cash equivalents at the beginning of the reporting period		18,208	9,185
Cash and cash equivalents at the end of the reporting period	15	14,165	18,208

The notes on pages 65 to 102 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, Media and Sport, with the approval of Treasury. The particular policies adopted by the National Portrait Gallery are described below; they have been applied consistently in dealing with items that are considered material in the accounts.

The financial statements are prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the inclusion of investments at market value. The accounts comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (the SORP) FRS102, applicable accounting standards under UK GAAP and the Government Financial Reporting Manual (the FReM).

The National Portrait Gallery is a public benefit entity.

Basis of consolidation

The National Portrait Gallery's financial statements consolidate the results of the National Portrait Gallery and its wholly-owned subsidiary the National Portrait Gallery Company Limited (company number 6015724). A separate Statement of Financial Activities for the National Portrait Gallery has been presented in Note 3.

Statement of Financial Activities (SOFA)

This statement discloses the totality of the resources receivable by the NPG during the year and their disposition. The NPG has provided enhanced disclosure in the Statement of Financial Activities beyond the requirements of the SORP in order to allow readers of the accounts to distinguish between the ongoing revenue income and costs of operating the NPG, and the impact of donations in support of capital expenditure and collection acquisitions.

Going Concern

The Gallery has been closed since 2020 as a result of the *Inspiring People* project, and plans are in place to manage the cash position through closure. A loan from the Department of Culture, Media and Sport will cover the net expenditure during the period of construction. After reviewing the National Portrait Gallery's budgets, forecast, and anticipated Grant in Aid receipts, there is a reasonable expectation that the Gallery has adequate resources to continue in operational existence for the foreseeable future. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Key judgements and estimates

The areas where key judgements have been made are listed below:

- Recognition of donations and legacies (note 4) – donations and legacies are recognised by the Gallery where the conditions of receipt have been met, as detailed on page 66.
- Valuation of tangible assets (note 10) - a full revaluation of the National Portrait Gallery's land, property and plant & machinery assets is normally undertaken on a quinquennial basis (although note this has been undertaken at March 2023), with desktop valuations undertaken in the intervening years for land, and indexation applied to property and plant & machinery assets. Further details of this are included on page 68 and in note 10.
- Heritage assets (note 11) - additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. Where works of art are included at valuation, external valuations are used where available;

more usually assets are valued internally by the National Portrait Gallery staff. In reaching these valuations curators compare portraits donated to the Collection with the values of comparable items on the open market, taking account of differences in condition, size, status and market desirability.

- Investments (note 12) - the National Portrait Gallery's Investment Committee appoints an external Investment Manager to manage the Gallery's investment portfolio, in line with the Gallery's Investment Strategy. Day-to-day judgements are delegated to the Investment Manager, within agreed overall objectives. During 2022-23 Partners Capital were the Gallery's Investment Managers. Partners Capital report on the closing market value of investments at each quarter-end, and at the year-end the reported value is reflected in the investment values in the financial statements.
- Capitalisation of *Inspiring People* expenditure (notes 9 & 10) – expenditure on the *Inspiring People* project is capitalised in the the year in which it is incurred, and is represented by the Assets Under Construction within the Gallery's tangible and intangible assets. Costs are capitalised in line with the *Inspiring People* Capitalisation Policy, which is guided by the Charities SORP. The cost of staff that are directly attributable to the capital project are included within the *Inspiring People* capitalisation figures; management have exercised judgement as to which staff are deemed to be directly attributable.

The areas where significant estimates have been made are listed below:

- Depreciation (note 10) - the useful economic lives of tangible fixed assets are based on an estimate outlined on page 68 of this report for each category of asset. Depreciation commences when assets are available for use i.e. capable of operating in the manner intended by management.

Income and endowments

Income and endowments are shown net of Value Added Tax. In general, income is accounted for on a receivable basis. The following accounting policies are applied to income:

Donations and legacies

Grant in Aid from DCMS is recognised on receipt. Donated works of art are recognised as income based on the value at the date of acceptance. Donations of works of art are normally valued by the National Portrait Gallery curators who are experts in their fields, with external validation when required. Donation income, including lottery and grant income, is recognised as income when the conditions for its receipt have been met. Receipt of a legacy will be recognised when there has been grant of probate; the executors have established that there are sufficient assets in the estate; that any conditions attached to the legacy are within the control of the National Portrait Gallery or have been met; and it is possible to estimate with sufficient accuracy the amount receivable. Where a payment is received from an estate or is notified as receivable by the executors after the reporting date and before the accounts are authorised for issue, but it is clear that the payment had been agreed by the executors prior to the end of the reporting period, then it is treated as an adjusting event and accrued as income if receipt is probable.

Government Grants

Government Grants, including Grant in Aid and the Coronavirus Job Retention Scheme (CJRS), are recognised on a receivable basis.

Membership

Whilst the Gallery is closed for refurbishment, the substance of membership subscriptions is deemed to be that of a gift, and so income is recognised on receipt.

Other trading activities

Sponsorship income is recognised as income when the conditions for its receipt have been met and when the sponsored activity has taken place.

Investments

Dividend and interest income is recognised on a receivable basis.

Charitable activities

Admissions and other charitable income is recognised on a receivable basis on the date of the event.

Deferred income

Income relating to the future provision of services is deferred until the services are provided and entitlement to the income is earned. This includes admissions income from exhibition tickets where the provision is based on the date the visit to the exhibition occurs.

Expenditure

All expenditure is accounted for on an accruals basis and is classified on the following bases:

Costs of raising donations and legacies

Comprises the costs associated with raising donations and legacies, trading income and income raised from other activities.

Charitable activities

Comprises the costs associated with the performance of: gallery activities (all those costs associated with the public programmes of the National Portrait Gallery and of the media programmes and website, including exhibitions, education and communications and marketing expenditure); gallery operations (visitor services and operations costs); and the costs of maintaining the Collection (including conservation, art handling, photography and acquisitions-related expenditure).

Support costs

Comprises the costs of governance costs (including relevant legal costs and finance staff, as well as audit fees), finance, human resources, information technology, estate and facilities and general administration and support. These costs are allocated to the various categories of expenditure based on the most appropriate method for each support department, as described in note 8.

Heritage Assets

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. In accordance with the Charities SORP, such items are subsequently carried at valuation, and are not depreciated or revalued as a matter of routine. Expenditure to conserve the works is included under charitable activities in the Statements of Financial Activities. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by the National Portrait Gallery staff. In reaching these valuations curators compare portraits donated to the Collection with the values of comparable items on the open market, taking account of differences in condition, size, status and market desirability. The capitalised heritage assets reflect a small proportion of the Gallery's collections: only 12% of the Primary Collection, 2% of Photographs Collection, and under 1% of the Reference Collection. For the remaining works, the appropriate and relevant valuation information is not available; the Trustees do not consider that the cost of valuing the remainder of the Collection is commensurate with the benefits to the users of the financial statements. Where assets have been acquired with another party, their carrying value reflects the proportion of the Gallery's holding, which is determined with reference to the contract with the joint party.

Expenditure which is required to preserve or prevent further deterioration of individual collection items is recognised in the Statement of Financial Activities when it is incurred.

Fixed assets

The threshold for capitalisation of tangible fixed assets is as follows:

IT hardware assets	£1,000
Other assets	£5,000

With the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holding was undertaken at 31 March 2023 by Montagu Evans, independent property consultants. Specialised operational assets are valued on a Depreciated Replacement Cost (DRC) basis, which is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation; operational assets are valued on the basis of Existing Use Value. Revaluation of assets is normally undertaken on a quinquennial basis; however this has been brought forward to 2023 in order to reflect the fair value of the main building, given that the significant construction works are almost complete at the balance sheet date. Material variations from historical cost are reflected in the balance sheet value. Unrealised gains are taken to reserves; unrealised losses are taken to reserves where applicable, and where there is no pre-existing reserve, are disclosed in the Statement of Financial Activities. In the years between professional valuations of land and buildings, indices are used to adjust the net book value of the assets. A desk top valuation of the land element is also undertaken in each year between professional revaluations by the Gallery's surveyors.

Impairment reviews are carried out at the end of each reporting period, in accordance with the Charities SORP (FRS 102), to ensure that the carrying values of the assets reflect the recoverable amounts. This does not apply to assets under construction which will be revalued when brought into use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life; a full year's depreciation is charged in the year of acquisition and none is charged in the year of disposal. The useful economic lives of the tangible fixed assets are as follows:

Land	- not depreciated
Buildings and leasehold improvements	- 5 to 70 years
Plant and fit-out	- 5 to 25 years
Fixtures, fittings and equipment	- 3 to 10 years

Assets under construction represent all costs incurred in relation to capital projects, measured at historical cost. In accordance with the Charities SORP (FRS 102), all costs incurred to bring the asset into its intended working condition are included in the measurement of cost, such as site preparation, borrowing costs and any other directly attributable costs.

Depreciation on assets commences when the asset is available for use ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible Assets

The threshold for capitalisation of intangible fixed assets is £1,000.

Purchased software is held at historic cost and amortised on a straight-line basis over the expected life of the license.

Expenditure relating to the development of new software that is incurred between establishing technical feasibility and the asset becoming ready for use is capitalised when it meets the criteria in FRS 102. Expenditure on research activities, and on development activities that do not meet the above criteria, is charged to the heading 'Charitable Activities' in the Statement of Financial Activities as incurred. Internally developed intangible assets are held at historic cost and amortised on a straight line basis over their useful economic lives. Amortisation on intangible assets under construction commences when the asset is available for use.

A full year's amortisation is charged in the year of acquisition or when the asset is ready for use and none is charged in the year of disposal.

Impairment reviews are carried out at the end of each reporting period, in accordance with the Charities SORP (FRS 102), to ensure that the carrying values of the assets reflect the recoverable amounts.

The useful economic lives of the intangible assets are as follows:

Purchased software	- 2 to 5 years
Internally generated software	- 10 years

Intangible assets under construction comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Impairments of Financial Assets

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets (with the exception of assets under construction) at the balance sheet date. A financial asset, or group of financial assets, is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

Where there is objective evidence that an impairment loss exists on loans and receivables carried at amortised cost, impairment provisions are made to reduce the carrying value to the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The charge to the Statement of Financial Activities represents the movement in the level of provisions, together with any amounts written off, net of recoveries in the year.

Investments

Investments are stated at market value rather than at historical cost, based on the mid-market price. Any unrealised gains or losses arising from this policy are disclosed in the Statement of Financial Activities.

Stock

Stock is stated at the lower of cost or net realisable value and is reviewed for obsolescence at year-end. When calculating stock provisions, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability. All stock is held by the National

Portrait Gallery Company Ltd. Stock relating to Publishing was transferred from the Gallery to the Company at the lower of cost and net realisable value on 1st April, 2021.

Cash and liquid resources

Funds placed on money market deposit for more than one day are defined as liquid resources. Funds held in cash or in current or call accounts are defined as cash.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end. Transactions in foreign currencies are translated at the rate ruling at the time of transaction. All exchange differences go to the Statement of Financial Activities.

Operating leases

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, of which the National Portrait Gallery is not able to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk). For more information, please see note 8. Pensions are accounted for as a defined benefit scheme for members of the PCSPS. A partnership pension account has also been available which is a defined contribution stakeholder pension scheme with a choice of providers.

Redundancy costs

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the *Superannuation Act 1972*. Exit costs are accounted for when a legal or constructive obligation exists at the reporting date, either as a provision or an accrual depending on the level of certainty around timing and amount.

Fund accounting

The National Portrait Gallery maintains unrestricted, designated, restricted and endowment funds as set out in note 18.

Taxation

The National Portrait Gallery is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of the National Portrait Gallery Company Limited are distributed to the National Portrait Gallery under Gift Aid rules and no tax liability is expected for the year ended 31 March 2023.

Liabilities

Liabilities are recognised when a present legal or constructive obligation exists, it is more likely than not that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured or estimated reliably. Voted loans from DCMS are accounted for on an amortised cost basis using the effective interest rate method.

Financial instruments

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 16. Investments are held at market value, as they are classified as being held at fair value since the funds are actively managed.

Trade debtors are measured at their recoverable amounts. When assessing impairment, factors including the current circumstances of debtors, the ageing profile of debtors and historical experience are considered. Where external factors, such as the Covid-19 pandemic, indicate a lower likelihood of debt recoverability, this is also taken into account.

2. Prior Year Consolidated Statement of Financial Activities

Incorporating an income and expenditure account, for the Year Ended 31 March 2022

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2020-21 Total funds £000
		2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Total funds £000	2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Total funds £000	2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Total funds £000	2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Endowment funds £000	2021-22 Total funds £000	
Income and endowments from:															
<i>Donations and legacies</i>	4														
Grant in Aid		8,748	-	8,748	6,750	-	6,750	-	-	-	15,498	-	-	15,498	9,410
CJRS Government Grant		-	167	167	-	-	-	-	-	-	-	167	-	167	1,285
Other donations and legacies		247	15,622	15,869	-	-	-	-	305	305	247	15,927	-	16,174	6,454
<i>Charitable activities</i>	5	945	612	1,557	-	-	-	-	-	-	945	612	-	1,557	1,983
<i>Other trading activities</i>	6	1,877	-	1,877	-	-	-	-	-	-	1,877	-	-	1,877	921
<i>Investments</i>	12	17	3	20	-	-	-	-	-	-	17	3	-	20	15
Total		11,834	16,404	28,238	6,750	-	6,750	-	305	305	18,584	16,709	-	35,293	20,068
Expenditure on:															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	846	3	849	122	112	234	-	-	-	968	115	15	1,098	1,519
Fundraising trading: cost of goods sold and other costs	8	2,309	28	2,337	173	160	333	-	-	-	2,482	188	-	2,670	2,276
Investment management costs	8	8	-	8	-	-	-	-	12	12	8	12	4	24	33
<i>Charitable activities</i>	8	7,680	708	8,388	944	872	1,816	-	-	-	8,624	1,580	-	10,204	12,815
Total		10,843	739	11,582	1,239	1,144	2,383	-	12	12	12,082	1,895	19	13,996	16,643
Net gains on investments	18	32	-	32	-	-	-	-	318	318	32	318	48	398	2,604
Net income/(expenditure)		1,023	15,665	16,688	5,511	(1,144)	4,367	-	611	611	6,534	15,132	29	21,695	6,029
Transfers between funds	18	6,684	(151)	6,533	(13,355)	14,281	926	-	(7,449)	(7,449)	(6,671)	6,681	(10)	-	-
Other recognised gains/(losses):															
Gain/(loss) on revaluation of fixed assets	18	-	-	-	524	1,271	1,795	-	-	-	524	1,271	-	1,795	(993)
Net movement in funds		7,707	15,514	23,221	(7,320)	14,408	7,088	-	(6,838)	(6,838)	387	23,084	19	23,490	5,036
Reconciliation of funds:															
Funds brought forward at 1 April 2021	18	3,054	8,481	11,535	15,306	69,820	85,126	-	41,323	41,323	18,360	119,624	3,508	141,492	136,456
Funds carried forward at 31 March 2022		10,761	23,995	34,756	7,986	84,228	92,214	-	34,485	34,485	18,747	142,708	3,527	164,982	141,492

3. Gallery Statement of Financial Activity

	2022-23 Unrestricted funds (£000)	2022-23 Restricted funds (£000)	2022-23 Endowment funds (£000)	2022-23 Total funds (£000)	2021-22 Prior period total funds (£000)
Income and endowments from:					
Donations and legacies					
- Grant in Aid	18,623	-	-	18,623	15,498
- CJRS Government Grant	-	-	-	-	167
- Other donations and legacies	743	11,589	-	12,332	16,174
Charitable activities	1,043	747	-	1,790	1,507
Other trading activities	978	1	-	979	802
Investments	60	12	-	72	20
Total	21,447	12,349	-	33,796	34,168
Expenditure on:					
Raising funds					
- Costs of raising donations and legacies	1,081	205	10	1,296	1,114
- Fundraising trading: cost of goods sold and other costs	1,350	323	-	1,673	1,432
- Investment management costs	10	12	2	24	24
Charitable activities	10,057	3,314	-	13,371	10,301
Total	12,498	3,854	12	16,364	12,871
Net losses on investments	(529)	(878)	(221)	(1,628)	398
Net income/(expenditure)	8,420		(233)	15,804	21,695
Transfers between funds	(4,085)	4,085	-	-	-
Other recognised losses:					
- Losses on revaluation of fixed assets	(7,758)	(14,635)	-	(22,393)	1,795
Net movement in funds	(3,423)	(2,933)		(6,589)	23,490
Reconciliation of funds					
Total funds brought forward	18,747	142,708	3,527	164,982	141,492
Total funds carried forward	15,324	139,775	3,294	158,393	164,982

Prior year comparative

	2021-22 Unrestricted funds (£000)	2021-22 Restricted funds (£000)	2021-22 Endowment funds (£000)	2021-22 Total funds (£000)
Income and endowments from:				
Donations and legacies				
- Grant in Aid	15,498	-	-	15,498
- CJRS Government Grant	-	167	-	167
- Other donations and legacies	247	15,927	-	16,174
Charitable activities	895	612	-	1,507
Other trading activities	802	-	-	802
Investments	17	3	-	20
Total	17,459	16,709	-	34,168
Expenditure on:				
Raising funds				
- Costs of raising donations and legacies	984	115	15	1,114
- Fundraising trading: cost of goods sold and other costs	1,244	188	-	1,432
- Investment management costs	8	12	4	24
Charitable activities	8,721	1,580	-	10,301
Total	10,957	1,895	19	12,871
Net gains/(losses) on investments	32	318	48	398
Net income	6,534	15,132	29	21,695
Transfers between funds	(6,671)	6,681	(10)	-
Other recognised gains/(losses):				
- Gains/(losses) on revaluation of fixed assets	524	1,271	-	1,795
Net movement in funds	387	23,084	19	23,490
Reconciliation of funds				
Total funds brought forward	18,360	119,624	3,508	141,492
Total funds carried forward	18,747	142,708	3,527	164,982

4. Donations and legacies

Group Donations and Legacies

	2023 £000	2022 £000
Grant in Aid	18,623	15,498
CJRS Government Grant	-	167
Grants & donations	7,127	12,480
Legacies	207	95
Fundraising events	-	2
Donations in kind	-	-
Individual giving	128	130
National Lottery Heritage Fund	3,011	3,162
Donated works of art	1,859	305
Total	30,955	31,839
<i>of which the following is taken to (see pages 61 and 72)</i>		
Income and expenditure	18,129	24,784
Capital	8,318	6,750
Collections	4,508	305
Endowments	-	-

Grant in Aid is available for running costs, capital improvements and collection purchases. Of the total figure, £8,318,000 (£6,750,000 in 2021-22) was provided for capital purposes.

Restricted income included in the above total amounted to £11,589,000 for 2022-23 (£16,094,000 for 2021-22.)

Included within Grants and Donations is £2.5m relating to the joint acquisition of *Algernon Moses Marsden* by Jacques Joseph (James) Tissot with the National Gallery. The Gallery paid for the artwork in full funded via donations made for the acquisition and then immediately donated 50% of the artwork to the National Gallery, in line with the acquisition agreement between the two institutions and the donors.

Included within Grants and Donations is £90,000 relating to the acquisition of *Portrait of Mai (Omai)* by Joshua Reynolds, which was completed after the balance sheet date.

All the above income relates to the parent charity rather than the National Portrait Gallery Company Limited.

5. Charitable activities

Group Charitable Activities

	2023 £000	2022 £000
Exhibitions income	1,789	1,548
Learning income	1	9
Total	1,790	1,557
<i>of which the following is taken to (see pages 61 and 72)</i>		
Income and expenditure	1,790	1,557
Capital	-	-
Collections	-	-
Restricted income included in the above total	747	612

Of the above income, £nil relates to the Trading Company (£50,000 in 2021-22).

6. Other trading activities

Group Other trading activities

	2023 £000	2022 £000
Trading	1,271	1,818
Other activities for raising funds	122	59
Total	1,393	1,877
<i>of which the following is taken to (see pages 61 and 72)</i>		
Income and expenditure	1,393	1,877
Capital	-	-
Collections	-	-

Restricted income included in the above totals £1,153 (£nil in 2021-22).

Included within the above totals for income from other trading activities for the group is £1,023,048 (£1,646,235 in 2021-22) of income generated by the National Portrait Gallery Company Limited. An additional £609,398 (£429,061 in 2021-22) of income due to the National Portrait Gallery from the National Portrait Gallery Company Limited has been eliminated on consolidation. This relates to the management charge. Company profits of £nil (£143,000 in 2021-22) have been gift aided to the Gallery for 2022-23. In total, this brings the Gallery's non-consolidated trading income to £979,820 (£802,687 in 2021-22).

7. Net income/(expenditure)

Net income/expenditure is stated after charging:

	2023 £000	2022 £000
<i>Auditors' remuneration</i>		
National Audit Office	63	53
PKF Littlejohn LLP – Gallery taxation & technical advice	-	2
PKF Littlejohn LLP – Subsidiary audit	13	10
PKF Littlejohn LLP – Subsidiary taxation & technical advice	-	1
<i>Lease rentals</i>		
Land and buildings	465	464
Equipment	15	19
<i>Depreciation</i>	2,564	2,368
<i>Amortisation</i>	43	15
<i>Loss on disposal of fixed assets</i>	63	983
<i>Donation of artwork - given</i>	1,250	-

No non-audit services were provided by the National Audit Office.

8. Total expenditure

Total expenditure

	Staff costs £000	Other direct costs £000	Support costs £000	Depreciation & Amortisation £000	2023 Total £000	2022 Total £000
<i>Raising funds</i>						
Costs of raising donations and legacies	492	126	314	224	1,156	1,098
Fundraising trading: cost of goods sold and other costs	697	644	517	335	2,193	2,670
Investment management costs	-	21	3	-	24	24
<i>Total costs of raising funds</i>	1,189	791	834	559	3,373	3,792
<i>Charitable activities</i>						
Extending and broadening audiences	1,464	931	856	535	3,786	3,092
Developing the collection	888	328	1,133	380	2,729	1,960
Increasing understanding and engagement	2,220	2,049	1,717	1,133	7,119	5,152
<i>Total charitable activities</i>	4,572	3,308	3,706	2,048	13,634	10,204
Total	5,761	4,099	4,540	2,607	17,007	13,996

Support costs

Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2023 Total £000	2022 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	17	38	46	45	150	18	314	365
Fundraising trading: cost of goods sold and other costs	37	81	68	67	224	40	517	629
Other costs of raising funds								
Investment management costs	1	1	-	-	-	1	3	3
Total costs of raising funds	55	120	114	112	374	59	834	997
<i>Charitable activities</i>								
Extending and broadening audiences	65	145	109	108	358	71	856	866
Developing the collection	33	73	191	173	627	36	1,133	568
Increasing understanding and engagement	117	258	231	227	758	126	1,717	1,565
Total charitable activities	215	476	531	508	1,743	233	3,706	2,999
Total	270	596	645	620	2,117	292	4,540	3,996
Basis of allocation	expenditure	expenditure	average FTE	FTE excluding visitor services	average FTE	expenditure		

Support costs include an element of staff costs amounting to £1,654,000 (£1,582,000 in 2021-22).

Staff costs

Total Staff costs

	2023	2022
	£000	£000
Wages and salaries	5,365	4,742
Pension costs	1,242	1,100
Social Security costs	514	437
Redundancy costs	-	24
Total employee costs	7,121	6,303
Agency staff costs	295	271
Total employee and agency staff costs	7,416	6,574

The above includes £2,383,467 of staff costs relating to staff working on capital projects that were capitalised in 2022-23 (£1,189,178 in 2021-22). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 28 in 2022-23 (13 in 2021-22).

The Gallery's average gender profile for the year is 24% male, 75% female and 1% non-binary in 2022-23 (26% male and 74% female in 2021-22). Of the Directors within the Gallery 9% are male, and 91% are female in 2022-23 (9% male, and 91% female in 2021-22).

The number of National Portrait Gallery employees, including the Director, whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

Staff pay brackets over £60,000

	2023	2022
	No.	No.
£60,000 - £69,999	8	7
£70,000 - £79,999	2	1
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	0	0
£110,000 - £119,999	0	1
£120,000 - £129,999	1	0
Total	13	11

Of the staff earning more than £60,000, 8 are members of a defined benefit pension scheme (10 in 2021-22); 1 is a member of the defined contribution pension scheme (1 in 2021-22). Further information on Director's and senior managers' pay can be found in the remuneration report on page 36.

The Trustees neither received nor waived any emoluments during the year (also in 2021-22). Expenses reimbursed or paid on behalf of Independent Committee Members for travel amounted to £nil (£nil in 2021-22).

£109,358 was spent on off-payroll workers during the year (£141,788 in 2021-22) as established by the FReM guidance, paragraph 6.5.31 and set out in the table on page 39.

The average number of full-time equivalent (FTE) staff during the year was 151 (127 in 2021-22). Included within this total are 52 FTE staff on fixed-term contracts (26 in 2021-22).

Breakdown of average FTE staff by occupational group

	2023 No.	2022 No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	11	9
Costs of fundraising trading	15	13
<i>Charitable activities</i>	95	72
<i>Other resources expended – support costs</i>	30	33
Total	151	127

Breakdown of Exit Packages

Exit package cost band	Number of compulsory redundancies 2023	Number of other redundancies agreed 2023	Total number of exit packages by cost band 2023	Total number of exit packages by cost band 2022
<£10,000	-	-	-	-
£10,000 - £50,000	-	-	-	2
£50,000 - £100,000	-	-	-	-
Total number of exit packages	-	-	-	-
Total cost/£000	-	-	£nil	£27
No. of exit packages repaid	-	-	-	1
Cost of exit packages repaid/£000	-	-	-	£3
Total resource cost/£000	-	-	£nil	£24

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the *Superannuation Act 1972*. Exit costs are accounted as a legal or constructive obligation arises.

Pension benefits are provided through the Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) – known as “Alpha” – is an unfunded multi-employer defined benefit scheme introduced from 1 April 2015. The Gallery is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. Details are included in the resource accounts of the Cabinet Office: Civil Superannuation, for reference please see; <https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>. Prior to 1 April 2015, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

For 2022-23, employers’ contributions of £1,596,027 were payable to the PCSPS (£1,250,296 in 2021-22) at one of four rates in the range of 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme’s Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a defined contribution pension scheme with an employer contribution. Employers’ contributions of £34,052 (£40,765 in 2021-22) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,089 (£1,473 in 2021-22),

0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions of £2,782 (£3,270 in 2021-22) were due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

In 2022-23, £377,781 of pension contributions have been capitalised (£186,616 in 2021-22).

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

9. Intangible Assets

Group & National Portrait Gallery Assets

	Intangibles £000	Intangible Asset Under Construction £000	Total Intangible Assets £000
Value at 1 April 2022	59	41	100
Additions at cost	316	212	528
Gain/(Loss) on valuation	-	-	-
Disposals	-	-	-
Value at 31 March 2023	375	253	628
Amortisation at 1 April 2022	15	-	15
Charge for the year	43	-	43
Gain/(Loss) on valuation	-	-	-
Disposals	-	-	-
Amortisation at 31 March 2023	58	-	58
Net book value at 31 March 2023	317	253	570
Net book value at 31 March 2022	44	41	85

Intangible assets consist of purchased software and internally generated software.

10. Tangible assets

<u>Group & National Portrait Gallery Assets</u>						
	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2022	35,234	35,870	18,522	3,487	20,411	113,524
Additions at cost	810	1,912	72	1,535	20,759	25,088
Gain/(Loss) on valuation	1,047	(15,682)	(7,758)	-	-	(22,393)
Disposals	-	-	(261)	(630)	-	(891)
Value at 31 March 2023	37,091	22,100	10,575	4,392	41,170	115,328
Depreciation at 1 April 2022	-	10,307	4,830	3,019	-	18,156
Charge for the year	-	1,146	1,017	401	-	2,564
Gain/(Loss) on valuation	-	-	-	-	-	-
Disposals	-	-	(198)	(630)	-	(828)
Depreciation at 31 March 2023	-	11,453	5,649	2,790	-	19,892
Net book value at 31 March 2023	37,091	10,647	4,926	1,602	41,170	95,436
Net book value at 31 March 2022	35,234	25,563	13,692	468	20,411	95,368
<u>Prior year comparative</u>						
	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2021	35,234	34,880	19,693	3,319	6,130	99,256
Additions at cost	-	16	1	349	14,281	14,647
Gain/(Loss) on valuation	-	1,704	658	-	-	2,362
Disposals	-	(730)	(1,830)	(181)	-	(2,741)
Value at 31 March 2022	35,234	35,870	18,522	3,487	20,411	113,524
Depreciation at 1 April 2021	-	9,276	4,724	2,979	-	16,979
Charge for the year	-	1,146	1,007	215	-	2,368
Gain/(Loss) on valuation	-	433	134	-	-	567
Disposals	-	(548)	(1,035)	(175)	-	(1,758)
Depreciation at 31 March 2022	-	10,307	4,830	3,019	-	18,156
Net book value at 31 March 2022	35,234	25,563	13,692	468	20,411	95,368
Net book value at 31 March 2021	35,234	25,604	14,969	340	6,130	82,277

The freehold of National Portrait Gallery at St Martin's Place was transferred from the Secretary of State for the Environment and the Crown to the Trustees of the Gallery in January 1994. The freehold land and buildings were brought into the books in 1994 at a net book value of £43.7m.

The land and buildings at 39-45 Orange Street and 1 Charing Cross Road were purchased by the Trustees in 1988/89 for £1.5 million. This conveyance contains a covenant which states: "that the property shall not be used for any purpose other than for the purposes of The National Portrait Gallery as a non-profit making public art gallery and offices, library and storage and shop for the sale of books, souvenirs and pictures and restaurant and catering for visitors to the public and/or other similar. In each case strictly ancillary to the use of the property or the premises now known as The National Portrait Gallery as a public art gallery." They were reconstructed to provide new accommodation for the archives and gallery administration. The buildings were brought into the balance sheet in 1994 at a value of £9.1 million (including plant and machinery). The East Wing was purchased during 2018-19 from the National Gallery for £2,600,000.

During 2022-23, the Gallery purchased 11a Charing Cross Road ("The Portrait Pavillion"), which previously operated as a ticket booth, for £2.7m. The purchase price is equivalent to fair value as the property was purchased on the open market in an arm's length transaction. No depreciation has been charged on this property in 2022-23 as the asset is not available for use i.e. it is not in the condition necessary for it to be capable of operating in the manner intended by management.

A full revaluation of the Trustees' property holdings was undertaken at 31 March 2023 by Montagu Evans, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "Red Book", RICS Appraisal and Valuation Standards. Non-specialised property is valued at market value for existing use, whilst specialised property is valued at depreciated replacement cost (DRC). DRC is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation. The revaluation resulted in a £22m reduction in the value of the existing property holdings, whilst the new capital works (Asset Under Construction) have added an additional £41m to the value of the property holdings over the life of the Inspiring People project.

The financial effect of revaluing fixtures, fittings and equipment was considered to be immaterial and therefore they have been disclosed at their historical cost value.

Assets under construction of £41,170,000 (£20,411,000 in 2021-22) represent all costs incurred in relation to the capital element of the *Inspiring People* project, which is now in the delivery stage. During 2022-23, costs capitalised include professional fees and staff costs for those staff directly involved in the project, contractor payments, and borrowing costs of £62,244 (£22,195 in 2021-22). Costs relating to the Activity Plan element of the project have not been capitalised. The capital element of the project was completed in June 2023, when the main building re-opened to the public.

11. Heritage assets

Collection Cost and Valuation

	Value at 1 April 2022 £000	Additions £000	Value at March 2023 £000
<i>Cost</i>			
Primary Collection	23,241	1,533	24,774
Reference Collection	69	2	71
Photographs Collection	810	27	837
<i>Valuation</i>			
Primary Collection	7,134	1,832	8,966
Reference Collection	3,214	16	3,230
Photographs Collection	1,035	11	1,046
Total	35,503	3,421	38,924

In the year 2022-23, 166 works (259 in 2021-22) were added to the Collection of which 94 were included at cost price (47 in 2021-22) and 72 have been valued (212 in 2021-22).

During the year, the Gallery, jointly with the National Gallery, acquired *Algernon Moses Marsden* by Jacques Joseph (James) Tissot. The acquisition cost was £2.5m, funded via donations made for the acquisition. The Gallery received the donations and made the payment, and immediately donated half of the portrait to the National Gallery, in line with the acquisition agreement between the two institutions and the donors. The artwork is reflected in Heritage assets at £1.25m, being the Gallery's share of the acquisition and the gift to the National Gallery is reflected in the Statement of Financial Activities.

Five-year financial summary of heritage asset transactions

	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000
<i>Cost</i>					
Purchased assets	398	130	307	127	1,562
<i>Valuation</i>					
Donated assets	376	1,643	298	305	1,859
Total additions	774	1,773	605	432	3,421

Further Information on the National Portrait Gallery's Collection

The Gallery's collections are held in support of its statutory obligations to promote, through the medium of portraits, the appreciation and understanding of the men and women who have made and are making British history and culture, and to promote the appreciation and understanding of portraiture in all media.

The Collection is displayed at the National Portrait Gallery and through loans to temporary national and international exhibitions. Access to the permanent collection on display at the National Portrait Gallery is free of charge. Most of the temporary exhibitions are ticketed providing an essential source of revenue. Normally items not on display can be made available for viewing via the Acquisitions & Displays Registrar. The Collection is also made widely available via the Portrait Explorer within the Gallery, on the internet (at www.npg.org.uk) and in Gallery and other publications.

Primary Collection

The National Portrait Gallery's Collection is among the largest and most prestigious collections of portraits in the world in all media. The Primary Collection of paintings, sculpture, miniatures,

drawings, prints, photographs, silhouettes and mixed/new media works contains some 12,754 portraits of the most famous people in British history. Of these, 4,155 are paintings, sculptures and miniatures, approaching 60% of which are regularly displayed at the National Portrait Gallery or elsewhere. In addition, there are some 8,571 works on paper and 28 works of mixed media.

Reference Collection

There are more than 335,000 images in the Reference Collections, divided between the Photographs collection and the Archive and Library's Reference Collection of about 85,000 items, mainly prints but also 2,843 drawings, 78 paintings, 176 sculptures, and a small but growing collection of popular ceramics. The Reference Collection is used for study and exhibition, and has been extensively reproduced in books and other publications.

Photographs Collection

The Photographs Collection consists of more than 250,000 original photographic images of which at least 130,000 are original negatives. They date from the 1840s to the present day. The collection is divided into two parts; photographic portraits that are subsumed into the Gallery's Primary Collection of portraits, and the remainder which form the Photographs Collection.

Further information on the Collection may be found in the annual report on page 17. More information is available on the National Portrait Gallery's website, www.npg.org.uk.

Preservation and Management of the Collection

The Collection is under the care of the Collections Services department. The Conservation staff perform one of the Gallery's core functions, the long-term preservation of all Collection items, to make them accessible now and in the future.

The Primary, Photograph and Reference Collections are recorded on the Gallery database, Multi Mimsy, and this database serves as the register of the Collection.

The condition and storage of acquisitions for the Collection are considered at the point of acquisition. Items in the various collections are kept in environmentally controlled conditions. The condition and the management of the collections are then subject to review on a portrait-by-portrait basis as and when portraits are used for exhibition or other use at the Gallery or elsewhere.

The condition and the management of the collection is also subject to review in other ways, firstly across a whole group of objects in a particular medium as and when opportunity or the need arises for a wider survey, secondly at a particular location as a matter of regular review and, thirdly as a matter of day-to-day review by staff working with the collections on display and in store.

The Collection is subject to periodic random audit to make sure that portraits are located as recorded on the database.

There is close and frequent liaison between collection managers, curators and conservators, and also with security staff as necessary.

Acquisitions

Acquisitions for the Primary Collection are subject to the approval of the Board of Trustees which meets four times a year. The Gallery's formal collecting policy is set out in Collections Development Policy, which can be viewed on the Gallery's website:

<https://www.npg.org.uk/about/corporate/gallery-policies/collections-development-policy>

Acquisitions for the Reference Collection (Photograph and Archive) are delegated to the Director and are formally approved by the monthly Curatorial Meeting.

Disposals

The Trustees have a statutory responsibility to hold and maintain the collection in trust for future generations in accordance with the Gallery's objectives. The Trustees are empowered to dispose of objects the Gallery owns, but only in certain circumstances. The procedures are laid out in the Collections Development Policy mentioned above.

Following a recent survey of the Gallery's negatives collection, 10 negatives from a collection of over 150,000 items were disposed of in July 2022 in line with the Collections Development Policy. Most of the sitters are also represented in the NPG's Collection as prints or in other mediums within the Collection. As these negatives were acquired prior to 2001, they have not been valued and therefore the disposal has no impact on the Heritage Asset balance. It is disclosed here as it is deemed material by nature.

Capitalisation of the Collection

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. In accordance with the Charities SORP, such items are subsequently carried at valuation, and are not depreciated or revalued as a matter of routine. Expenditure to conserve the works is included under charitable activities in the Statement of Financial Activities.

Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by the National Portrait Gallery staff. In reaching these valuations curators compare portraits donated to the Collection with the values of comparable items on the open market, taking account of differences in condition, size, status and market desirability. For the remaining works, the appropriate and relevant valuation information is not available; the Trustees do not consider that the cost of valuing the remainder of the Collection is commensurate with the benefits to the users of the financial statements. Where assets have been acquired with another party, their carrying value reflects the proportion of the Gallery's holding.

12. Investments

The National Portrait Gallery holds both fixed and current asset investments. The National Portrait Gallery Company Limited does not hold any investments. Partners Capital LLP manage all investments.

In order to facilitate the post year-end acquisition of the *Portrait of Mai (Omai)* (see Heritage assets note 11), notice was given prior to the end of the reporting period to redeem both the Master Portfolio and the Heinz Acquisition fund, together totalling £10.1m. Consequently these elements of the portfolio have been reclassified from Fixed to Current at the reporting date.

Fixed asset investments

	2023	2022
	£000	£000
Market value at 1 April 2022	12,459	11,930
Investment portfolio additions	-	-
Investment portfolio disposals	(49)	-
Investment Management Charges deducted	(2)	(9)
Reclassification to current investments	(10,111)	-
(Losses)/Gains on revaluation	(754)	538
Market value at 31 March 2023	1,543	12,459
Historical cost at 31 March 2023	1,580	6,840
Unrealised investment (losses)/gains at 31 March 2023	(37)	5,619

Fixed asset investments are held for the purposes of producing a long-term return and are not intended to be spent within the next 12 months.

During March 2023, notice was given to redeem both the the Master Portfolio and the Heinz Acquisition fund and hence they have both been reclassified as current investments at the reporting date.

The Fixed asset investments balance remaining at the reporting date consists solely of the Heinz Archive fund. As the income and capital relating to it are ring-fenced it has been classified within Fixed Asset investments. 82% of the fixed asset investments are held outside the UK (100% in 2021-22). Unrealised gains and losses are included in the Statement of Financial Activities.

Current asset investments

	2023	2022
	£000	£000
Market value at 1 April 2002	13,618	7,752
Investment portfolio additions	-	6,192
Investment portfolio disposals	(30)	(147)
Investment management charges deducted	(22)	(39)
Reclassification from fixed investments	10,111	-
Losses on revaluation	(874)	(140)
Market value at 31 March 2023	22,803	13,618
Historical cost at 31 March 2023	17,800	12,619
Unrealised investment gains at 31 March 2023	5,003	999

Current asset investments are held for the purposes of producing a return, but the Gallery considers that they should remain highly liquid and available to spend within the next 12 months. Current asset

investments consist of all investments, except for the Heinz Archive fund. Aside from cash, investments held include fixed income investments, credit investments, and inflation-linked bonds, all held via third party investment vehicles.

The investments are valued at the month-end value of the underlying assets, which are predominantly listed and market-priced. The non-listed element is approximately 48% of the value of current asset investments and is invested in a Multi-Asset class fund of funds (The Master Portfolio) and an Absolute Return fund, consisting of hedge fund positions.

The Master Portfolio (TMP)

The Master Portfolio (TMP) is the predominant investment within the portfolio. The TMP is a collective investment scheme, created by Partners Capital, which invests across a range of asset classes and securities (which may include investments in other collective investment schemes).

The Master Portfolio is valued monthly at the month end value of the underlying assets within the fund, of which 21.5% are listed and market-priced. These include individual securities, daily dealing funds and the cash balance, which is held in a money market fund. The non-listed element is invested in investment funds.

During March 2023, notice was given to redeem The Master Portfolio and the Heinz Acquisition fund hence they have been classified as a current investment at the reporting date.

Investment Portfolio

	2023 Market value £000	2022 Market value £000
<i>Investments in the UK</i>		
Government stocks (inflation linked gilts)	3,301	3,148
Multi-asset class	184	816
Absolute return	1,035	1,189
<i>Investments held outside the UK</i>		
Corporate bonds	2,157	2,719
Absolute return	1,143	367
Multi-asset class	9,632	-
Cash	5,351	5,379
Total	22,803	13,618

Unrealised gains and losses are included in the Statement of Financial Activities.

13. Stock

Stock

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Goods for resale	337	360	-	-
Work in progress	29	-	-	-
Total	366	360	-	-

14. Debtors

Debtors

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade debtors	281	128	215	80
Provision for bad debts	(3)	(14)	(2)	(12)
Subtotal	278	114	213	68
Amounts due from group companies	-	-	1,309	1,750
Other debtors	49	16	25	5
Prepayments	167	107	156	99
Accrued Museums & Galleries Exhibition Tax Relief income	286	683	286	683
Accrued income	571	1,448	571	1,448
VAT recoverable	722	805	722	805
Total	2,073	3,173	3,282	4,858

Museums & Galleries Exhibition Tax Relief income is claimed in arrears by the Gallery. During 2022-23 payment was received relating to 2019-20, and the accrued income remaining relates to 2020-21, 2021-22 and 2022-23.

15. Cash and liquid resources

Cash and liquid resources

Held at/in:	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Interest-bearing accounts	9,808	6,522	9,166	5,921
Cash and non-interest-bearing accounts	4,357	11,686	4,241	10,854
Total	14,165	18,208	13,407	16,775

Income from UK bank deposits

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Income from UK bank deposits	61	4	57	4
Total	61	4	57	4

16. Creditors

Creditors, amounts falling due within one year

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade creditors	1,548	633	1,481	610
Other creditors	1,330	635	1,326	627
Taxation and social security	370	284	370	284
Accruals	3,379	3,228	3,331	3,163
Deferred income	496	152	474	140
Total	7,123	4,932	6,982	4,824

Creditors, amounts falling due after more than one year

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Other creditors	10,567	8,837	10,567	8,837
Total	10,567	8,837	10,567	8,837

Creditors falling due after more than one year comprise two loans from DCMS. During 2017-18 a loan was provided by DCMS to fund the purchase of the East Wing freehold from the National Gallery. Following this, a further loan was agreed with DCMS in 2020-21 for £8,800,000, of which all five instalments have been received as at the end of 2022-23. This loan funded the forecast operational deficit during closure and cashflow for the *Inspiring People* project.

Loans

	Year of receipt	Value (£000)	Interest Rate	Principal Due Date
East Wing Loan	2017-18	2,608	1.63%	2037-38
IP loan tranche 1	2020-21	2,108	0.34%	2038-39
IP loan tranche 2	2020-21	500	0.29%	2038-39
IP loan tranche 3	2021-22	459	1.00%	2038-39
IP loan tranche 4	2021-22	3,500	0.31%	2026-27
IP loan tranche 5	2022-23	2,233	1.71%	2038-39

Deferred income

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Deferred income brought forward	152	223	140	58
Released in year	(65)	(211)	(65)	(58)
Deferred in year	409	140	399	140
Deferred income carried forward	496	152	474	140

Deferred income released during the year related to sponsorship, where the underlying activities were completed during the year. Income deferred in the year relates to sponsorship & exhibition ticket sales.

Provisions

	Group		National Portrait Gallery	
	2023 £000	2022 £000	2023 £000	2022 £000
Provisions brought forward	23	14	23	14
Utilised in year	-	(1)	-	(1)
Released in year	-	-	-	-
Charged in year	-	10	-	10
Provisions carried forward	23	23	23	23

The majority of the provisions balance is a ticket refund provision for ticket refunds relating to cancelled exhibitions as a result of Covid-19.

17. Leases

The National Portrait Gallery does not hold any finance leases.

At March 2023, the National Portrait Gallery had annual commitments under non-cancellable operating leases as follows:

Leases for the Group

	Land and buildings £000	Other £000	2023 £000	2022 £000
One year	279	9	288	294
Two to five years	683	-	683	3
More than five years	512	-	512	-
Total	1,474	9	1,483	297

The National Portrait Gallery Company Limited does not hold any leases.

The Gallery re-signed its storage lease with Tate in May 2023. Although this is after the reporting period, the contract backdates the lease to April 2021 and therefore those lease commitments have been included in the table above.

18. Statement of funds

Statement of funds for the Group

2022-23	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Losses on revaluation £000	Losses on investment £000	Closing Funds £000
Unrestricted							
<i>Designated</i>							
Land & Buildings	-	2,703	-	-	-	-	2,703
Plant & Machinery, Fixtures & Fittings	329	1,039	1,116	(1,525)	-	-	959
Plant & Machinery revaluation reserve	13,916	(19)	-	-	(7,758)	-	6,139
<i>Inspiring People Fund</i>	-	(62)	62	-	-	-	-
Subtotal	14,245	3,661	1,178	(1,525)	(7,758)	-	9,801
<i>Unrestricted funds</i>	4,502	(7,746)	20,686	(11,616)	-	(529)	5,297
Total unrestricted funds	18,747	(4,085)	21,864	(13,141)	(7,758)	(529)	15,098
Restricted							
Asset Under Construction	20,411	20,759	-	-	-	-	41,170
Land & Buildings	16,483	19	-	(1,146)	-	-	15,356
Land & Buildings revaluation reserve	44,314	-	-	-	(14,635)	-	29,679
Heritage Assets	35,503	1,562	1,859	-	-	-	38,924
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	10,930	(159)	-	(11)	-	(878)	9,882
Dame Helen Gardner Fund	9	7	-	-	-	-	16
Grants & Donations Fund for Acquisitions	115	(1,325)	2,649	(1,251)	-	-	188
Grants & Donations Fund for <i>Inspiring People</i>	14,642	(16,492)	7,042	(1,249)	-	-	3,943
Grants & Donations Fund for other activities	301	(286)	799	(197)	-	-	617
Total restricted income funds	142,708	4,085	12,349	(3,854)	(14,635)	(878)	139,775
Endowments							
Heinz Archive Fund	1,620	-	-	(11)	-	(66)	1,543
Heinz Acquisitions Fund	1,907	-	-	(1)	-	(155)	1,751
Total endowment funds	3,527	-	-	(12)	-	(221)	3,294
Total funds	164,982	-	34,213	(17,007)	(22,393)	(1,628)	158,167

Prior Year Statement of funds for the Group

2021-22	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Gains on revaluation £000	Gain on investment £000	Closing Funds £000
Unrestricted							
<i>Designated</i>							
Plant & Machinery, Fixtures & Fittings	1,620	402	346	(2,039)	-	-	329
Plant & Machinery revaluation reserve	13,689	(297)	-	-	524	-	13,916
<i>Inspiring People Fund</i>	5	(37)	32	-	-	-	-
Subtotal	15,314	68	378	(2,039)	524	-	14,245
<i>Unrestricted funds</i>	3,046	(6,739)	18,206	(10,043)	-	32	4,502
Total unrestricted funds	18,360	(6,671)	18,584	(12,082)	524	32	18,747
Restricted							
Asset Under Construction	6,130	14,281	-	-	-	-	20,411
Land & Buildings	17,260	551	-	(1,328)	-	-	16,483
Land & Buildings revaluation reserve	43,578	(535)	-	-	1,271	-	44,314
Heritage Assets	35,071	127	305	-	-	-	35,503
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	10,791	(167)	-	(12)	-	318	10,930
Dame Helen Gardner Fund	9	-	-	-	-	-	9
Grants & Donations Fund for Acquisitions	83	32	-	-	-	-	115
Grants & Donations Fund for <i>Inspiring People</i>	6,462	(7,279)	15,891	(432)	-	-	14,642
Grants & Donations Fund for other activities	240	(329)	513	(123)	-	-	301
Total restricted income funds	119,624	6,681	16,709	(1,895)	1,271	318	142,708
Endowments							
Heinz Archive Fund	1,623	-	-	(17)	-	14	1,620
Heinz Acquisitions Fund	1,885	(10)	-	(2)	-	34	1,907
Total endowment funds	3,508	(10)	-	(19)	-	48	3,527
Total funds	141,492	-	35,293	(13,996)	1,795	398	164,982

Fair value reserve (investments) - movements

	As at 1 April 2022 £000	Unrealised losses under fair value £000	Realised gains under fair value £000	As at March 2023 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<i>Restricted</i>						
Portrait Fund	2,910	(878)	0	2,032	7,850	9,882
<i>Unrestricted</i>						
General fund	1,345	(529)	0	816	4,481	5,297

The accounts comprise a number of individual funds that divide into distinct categories, which are defined as follows:

Designated funds

Funds designated for a particular use by the Trustees.

Designated funds and the purpose for which their income may be applied are:

- *Plant & Machinery, Fixtures & Fittings* – funds applied towards the purchase of plant, machinery, fixtures and equipment.
- *Plant & Machinery Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values of plant and machinery to arrive at a modified historical cost.
- *The Inspiring People fund* – represents funds generated from the gala held in March 2019 and the *Inspiring People* public campaign.

General funds

Funds available for general use.

Restricted funds

Funds restricted for particular purposes either by the wishes of the donor or by the nature of the fundraising appeal.

Restricted funds and the purpose for which their income may be applied are:

- *Land and Buildings* – the value of the National Portrait Gallery's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals.
- *Land and Buildings Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost.
- *Heritage assets* – funds applied towards the purchase of acquisitions for the collections together with all donated works of art since 1 April 2001.
- *Portrait fund* – funds raised specifically for the development of the collections (acquisitions and related costs such as conservation and displays) as set out in the Portrait fund deed.
- *Dame Helen Gardner fund* – funds provided by royalties received under Dame Helen Gardner's bequest restricted to purchasing literary or early 17th century portraits.
- *Grants and donations fund for acquisitions* – funds from various grants and donations given for the purchase of acquisitions.

- *Grants and donations fund for Inspiring People* – funds from various grants and donations given towards the *Inspiring People* project.
- *Grants and donations fund for other activities* – funds from various grants and donations given for specified purposes (not including acquisitions or *Inspiring People*).

Endowment funds

Endowment funds are funds that the donor has stated are to be held as capital.

The endowment funds and the purpose for which their income may be applied are:

- *Drue Heinz Archive Fund* – legacy endowment to support and maintain the Heinz Library & Archives. The capital element of this endowment remains permanently intact and only the income can be spent;
- *Drue Heinz Acquisition Fund* - legacy endowment for purchase of acquisitions for the collections.

19. Analysis of net assets between funds

Funds balances at March 2023 for the Group

	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	Total 2023 £000	Total 2022 £000
Intangible and Tangible assets	9,801	-	86,205	-	96,006	95,453
Heritage assets	-	-	38,924	-	38,924	35,503
Fixed Investments	-	-	-	1,543	1,543	12,459
Net current assets	-	15,864	14,646	1,751	32,261	30,404
Long-term creditors	-	(10,567)	-	-	(10,567)	(8,837)
Total net assets	9,728	5,297	139,775	3,294	158,167	164,982

20. Cash flow information

Reconciliation of net income to net cash inflow from operating activities

	<i>Notes</i>	2023 £000	2022 £000
Net income for the reporting period		15,578	21,695
Adjustments for:			
Amortisation charges	9	43	15
Depreciation charges	10	2,564	2,368
Loss on disposal of property, plant and equipment	10	63	983
Dividends and interest	15	(61)	(4)
Unrealised loss from changes in foreign currency exchange rates		14	16
Loss/(Gain) on investments	12	1,628	(398)
Investment management fees	12	24	49
Donations of works of art - given	11	1,250	-
Donations of works of art - received	11	(1,859)	(305)
Working capital movements:			
(Increase)/Decrease in stocks	13	(6)	28
Decrease/(Increase) in debtors	14	1,100	(711)
Increase/(Decrease) in creditors	16	1,492	2,472
Increase/(Decrease) in provisions	16	-	9
Increase/(Decrease) in deferred income	16	344	(71)
Net cash inflow from operating activities		22,174	26,146

Analysis of cash and cash equivalents

	2023 £000	2022 £000
Balances held with commercial banks	14,164	18,205
Cash in hand	1	3
Cash balance at end of year	14,165	18,208

Analysis of changes in net debt

	At 31 Mar 2022 £000	Cash flows	Foreign exchange movements	At 31 Mar 2023 £000
Cash	18,208	(4,057)	14	14,165
Cash equivalents	-	-	-	-
Total	18,208	(4,057)	14	14,165
Loans falling due within 1 year	212	391	-	603
Loans falling due after more than 1 year	8,837	1,730	-	10,567
Total	9,049	2,121	-	11,170

21. Capital commitments

Capital Financial commitments

	2023	2022
	£000	£000
Capital expenditure contracted for, but not provided in the accounts	663	7,518
Acquisition of works of art contracted for, but not provided in the accounts	18	52
Total	681	7,570

Capital Opening and Closing Financial commitments

	Capital expenditure	Works of art
	£000	£000
Opening commitments at 31 March 2022	7,518	52
Less paid for during the year	(7,406)	(52)
Additional commitments	551	18
Closing commitments at March 2023	663	18

Prior year comparative

	Capital expenditure	Works of art
	£000	£000
Opening commitments at 31 March 2021	18,905	20
Less paid for during the year	(11,725)	-
Additional commitments	338	32
Closing commitments at March 2022	7,518	52

Commitments to acquire works of art are made throughout the year with the timing of payments dependent upon bringing the work into the National Portrait Gallery's premises and satisfactory completion of condition checks. Payments for works are normally expected to take place within the following year and will be funded via donations already pledged to the acquisitions as well as further fundraising during the coming months.

Non-artwork capital commitments relate to the building works that form part of the *Inspiring People* project. Payments against these commitments, funded by donations and grants pledged to the project, took place until the Gallery re-opened in June 2023. Subsequent to the year end, in April 2023, the Gallery entered into a further capital commitment of £25m relating to the acquisition of *Portrait of Mai (Omai)* by Joshua Reynolds. This is in addition to the numbers disclosed in the table above.

22. Subsidiaries

The Board of Trustees of the National Portrait Gallery owns the whole of the issued share capital of the National Portrait Gallery Company Limited (Company Number 06015724), comprising 1 ordinary share of £1 each.

The National Portrait Gallery Company Limited

The National Portrait Gallery Company Limited's principal activities comprise the management and operation of restaurant, café and ancillary services for the benefit of visitors to the National Portrait Gallery's galleries; venue hire; and the sale of books and other products and merchandise associated with the Collection and the National Portrait Gallery activities.

Asset figures taken from the National Portrait Gallery Company Limited accounts

	2023	2022
	£000	£000
Fixed assets	-	-
Current assets	1,224	1,858
Current liabilities	(1,450)	(1,858)
Long-term liabilities	-	-
Net (liabilities)/assets	-	-
Capital and reserves	-	-
Total	(226)	-

Current assets include stock (goods for resale) of £365,632 (£359,652 in 2021-22).

Profit and loss figures taken from the National Portrait Gallery Company Limited accounts

	2023	2022
	£000	£000
Turnover	1,024	1,714
Cost of sales	(440)	(939)
Gross profit	584	775
Other income	-	-
Administrative expenses	(814)	(632)
Trading (loss)/profit	(230)	143
Interest receivable	4	-
Net contribution	(226)	143

The profits of the National Portrait Gallery Company Limited are gift-aided to the National Portrait Gallery via a Deed of Covenant.

23. Related party transactions

The National Portrait Gallery is a Non-Departmental Public Body whose sponsoring body is the Department for Culture, Media and Sport. The Department for Culture, Media and Sport is regarded as a related party. During the year the National Portrait Gallery had a number of transactions with the Department and with other entities for which the Department is the sponsor, for example; the National Lottery Heritage Fund, the National Gallery, Tate, and the Victoria & Albert Museum.

The National Portrait Gallery also entered into transactions with other related parties during the year as set out below:

Party	Nature of Relationship	Transaction	Income for the year ended March 2023	Expenditure for the year ended March 2023	Debtor balance as at March 2023	Creditor balance as at March 2023
Ross Foundation	David Ross is the Chair of the Board of Trustees of the National Portrait Gallery and a Director of the Ross Foundation.	Donation to support the <i>Inspiring People</i> Project	£1,001,032	£0	£0	£0
David Ross	David Ross is the Founder of Nevill Holt Opera	Payment of £1,850 for opera tickets	£0	£1,890	£0	£0
Björn Savén	Björn Savén is a Trustee of the National Portrait Gallery	Donation to support the <i>Inspiring People</i> Project	£30,000	£0	£0	£0
Mark Cecil	Mark Cecil is a Trustee of the National Portrait Gallery	Donation to support the <i>Inspiring People</i> Project	£5,000	£0	£0	£0
Roger Blundell	Roger Blundell is a Trustee of the National Portrait Gallery	Donation to support the <i>Inspiring People</i> Project	£2,500	£0	£0	£0

Jeremy Sillem, a co-opted member of the Investment Committee, is a director and shareholder with Partners Capital LLP. Partners Capital LLP are the Gallery's investment advisors with £24.3m of the Gallery's reserves under management.

24. Financial instruments

FRS102 Section 11, Basic Financial Instruments required entities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments during this period.

As a significant proportion of the cash requirements of the Gallery are met through Grant in Aid received from DCMS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments are cash relating to the running of the operation. The charity's main exposure is investments and debtors.

Credit risk

The National Portrait Gallery is exposed to a credit risk of £278,000 representing trade debtors (£114,000 in 2021-22), however the risk is not considered significant as major customers are known to the National Portrait Gallery.

Cash is held by the National Portrait Gallery's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 15.

Liquidity risk

The National Portrait Gallery manages liquidity risk through its reserves policy and regular monitoring of cashflows. In order to ensure that sufficient funds are available throughout the *Inspiring People* project, loans have been arranged with DCMS. The details of these loans can be found in Note 16. As a result, the National Portrait Gallery is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

Market risk

The National Portrait Gallery is not exposed to significant market risk from financial instruments. Interest and investment losses represent less than 5% of the total incoming resources for the National Portrait Gallery (less than 1% in 2021-22). The National Portrait Gallery is therefore not exposed to significant interest or investment risk.

Foreign currency risk

The National Portrait Gallery's exposure to foreign currency risk is not significant.

25. Post balance sheet events

In April 2023, the Gallery jointly acquired with the Getty Museum *Portrait of Mai (Omai)* by Joshua Reynolds. The acquisition cost was £50m, of which the Gallery's share was £25m. The acquisition was funded via donations and Fixed Investments. Fixed Investments for which redemption notices were submitted prior to year end have been reclassified as current at the reporting date.

On the 22nd June 2023, the Gallery reopened to the public. As this date falls between the reporting date and the signing date, it was considered prudent to commission independent property consultants to undertake a full revaluation of the Trustees' property holdings at the reporting date, in accordance with RICS valuation standards, in order to reflect the extent of works that had taken place by the 31st March. The revaluation resulted in a £22m reduction in the value of the existing property holdings, whilst the new capital works (Asset Under Construction) have added an additional £41m to the value of the property holdings over the life of the Inspiring People project. These values are reflected in note 10.

The annual report and accounts were approved by the Accounting Officer and Trustees on 12 July 2023 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

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