

# National Portrait Gallery Annual Report and Accounts 2019-20



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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 20 July 2020



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ISBN 978 978-1-5286-1893-9

CCS0320332210                      07/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

The Board of Trustees of the National Portrait  
Gallery  
Annual Accounts 2019-20

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## INTRODUCTION

### ***Presentation of the financial statements***

The Trustees of the National Portrait Gallery have pleasure in presenting their Annual Report and Accounts for the year ended 31 March 2020. The Accounts have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport (DCMS) with the consent of the Treasury in accordance with sections 9(4) and 9(5) of the *Museums and Galleries Act 1992* and are presented in accordance with the reporting requirements of the Charities Statement of Recommended Practice 2015 (the SORP) FRS102. The Trustees have complied with their duty in section II of the *Charities Act 2011* in ensuring they have due regard to guidance published by the Charity Commission and for the Commission's guidance on public benefit.

### ***Mission***

The National Portrait Gallery's mission, drawn from the *Museums and Galleries Act 1992*, is to maintain a collection of portraits of the most eminent persons in British history, of other works of art relevant to portraiture and of documents relating to those portraits and other works of art.

The four aims listed by the *Act* (c.44. 2-(3)) are to:

- a) care for, preserve and add to the portraits and other works of art and the documents in their collection;
- b) secure that the portraits are exhibited to the public;
- c) 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 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.

All the National Portrait Gallery's activities and aspirations are driven by its statutory mission to 'promote the public's enjoyment and understanding of portraiture of British persons and British history'. The Gallery signed a new Management Agreement with the Department for Digital, Culture, Media and Sport in March 2017. The Agreement confirmed the Gallery's Corporate Objectives along with some specific priorities that the Secretary of State outlined for the Gallery. The Agreement also included twelve key performance indicators (KPIs) that the Gallery has to report against.

### ***History***

Founded in 1856 to collect and display portraits of eminent British persons, the National Portrait Gallery maintains the principle that the paintings in the Collection should reflect the status of the sitter, not the artist. Today, the Gallery holds the most extensive collection of portraits in the world. The Primary Collection contains some 12,685 portraits of the most famous people in British history. Of these, 4,122 are paintings, sculptures and miniatures, approaching 60% of which are regularly displayed at the National Portrait Gallery or elsewhere. In addition, there are some 8,540 works on paper, shown on a rotating basis of about 180 items a year.

The Collection continues to be displayed in London at St Martin's Place, where the Gallery's main site has sat since 1896. Before then the Gallery occupied other premises in Westminster, South



Kensington and Bethnal Green. The present building, designed by Ewan Christian, was the gift of William Henry Alexander. An extension was built in the 1930s from funds provided by Joseph Duveen. The Drue Heinz Foundation funded new offices, a conservation studio, and a space for the Gallery's archive and library in 1993. The most recent addition was the Ondaatje Wing in 2000, providing additional gallery space, expanded visitor facilities and a new lecture theatre, funded by Sir Christopher Ondaatje, the Heritage Lottery Fund and several donors.

The Gallery is always keen to find new ways to share the Collection through the National Programmes as well as through their website. The Gallery has an ongoing partnership with Montacute House in Somerset (a National Trust property). Partnerships have also been formed with museums and galleries in the North East and the South West of England, and there are ongoing loan and display arrangements with other galleries and historic houses.

The Gallery aims to bring history to life through its extensive display, exhibition, research, learning, outreach, publishing and digital programmes. These allow us to stimulate debate and to address questions of biography, diversity and fame which lie at the heart of issues of identity and achievement. The National Portrait Gallery aims to be the foremost centre for the study of and research into portraiture, as well as making its work and activities of interest to as wide a range of visitors as possible.

A new project for the complete renewal of the Gallery, *Inspiring People*, is the most transformative since our home at St Martin's Place opened in 1896. The project will simultaneously safeguard our heritage and look to the future, allowing us to extend our influence, reach and relevance. At its heart is an ambitious, more engaging and much-needed comprehensive re-display of our collection, from top to bottom, Tudors to now.

*Inspiring People* will also transform our building, making it more welcoming and appealing to the widest and most diverse audiences possible, as well as restoring historic features of our handsome Grade 1 listed home.

### ***Associated and connected charities***

The Gallery has a wholly owned subsidiary company, the National Portrait Gallery Company Limited. The Company has a Board of five Directors, including two Trustees, two Gallery senior executives (one of which is the Director of the Gallery), and one independent non-executive Director.

The Portrait Trust was established to work alongside the Gallery in promoting the public's enjoyment, understanding and learning through the medium of portraiture. The Trust is independent and does not impact on the National Portrait Gallery's operating policies. The Trust has not been active in recent years, and on 3 April 2019 the Trustees of the Portrait Trust and the Trustees of the National Portrait Gallery entered into a Transfer Agreement, where by the Gallery will receive the assets of the trust and continue the work of the Portrait Trust.

## REVIEW OF ACTIVITIES IN 2019-20

### ***The Key Achievements of 2019-20 Include:***

- A significant amount of work to progress our *Inspiring People* project, the most significant development of the Gallery since the building opened in 1896, with the award of the full £9.4 million grant from the National Lottery Heritage Fund in September 2019 and the completion of the RIBA Stage 4 designs in early 2020.
- Several high profile exhibitions, balancing the work of living artists with historical surveys such as *Cindy Sherman*, *Pre-Raphaelite Sisters* and *David Hockney: Drawing from Life*.
- Important additions to the Collection including a portrait of the celebrated dancer Gaetan-Apolline-Balthazar Vestris by Gainsborough and 'Another Time XIX', part of the 'bodyforms' sculpture series by Antony Gormley.
- Over 60 workshops delivered to children across four London hospitals as part of *Playful Portraits*, the Gallery's outreach project.
- An exceptionally strong national programme, attracting more than 900,000 visitors across the Gallery's COMING HOME and touring exhibitions programmes.
- A growing international presence with the Gallery's *Michael Jackson: On the Wall* exhibition seen by nearly 300,000 people overseas.

None of these achievements would have been possible without the commitment and expertise of the Gallery's staff and volunteers, and the interest, support and continuing generosity of all those who support the Gallery.

The following report presents the Gallery's key objectives, and some highlights of the work undertaken in the year to promote them.

### **1. To increase the understanding of and engagement with the Collection and the art of portraiture**

#### The Displays Programme

Our programmes are designed to promote the Collection and the understanding of portraiture in all media. Whether this is through innovative exhibitions, displays or partnerships our aim is to utilise our resources and expertise, and to optimise design and planning to enhance visitor experience.

The displays programme foregrounded new acquisitions in the areas of photography and popular portraits in different media. Living artists were represented by the display of collages by John Stezaker and the inclusion of selected works by Elizabeth Peyton in the historic galleries. Smaller in-focus features included Peterloo, the Indian Nobility in Britain and Florence Nightingale. A display of portraits by Cy Twombly drew attention to the importance of classical art and figuration in his oeuvre.

#### Exhibitions

The exhibition programme has balanced the work of living artists with historical survey exhibitions and the annual competitions. Being able to showcase the work of Cindy Sherman, Elizabeth Peyton and David Hockney allowed the Gallery to present works by international artists and each exhibition had an international tour.

Women were strongly represented in the exhibition programme in 2019. *Cindy Sherman* was a major retrospective showing the artist's portraits from when she first began experimenting in the 1970s through to new works made especially for the exhibition. *Pre-Raphaelite Sisters*, aimed to foreground the women of the group, showing their contributions as artists, models and partners. Finally,

*Elizabeth Peyton: Aire and Angels* introduced visitors to the artist in a new setting amongst the National Portrait Gallery Collection.

The exhibition programme in 2020 began with *David Hockney: Drawing from Life* and *Cecil Beaton's Bright Young Things*. Though both were only open briefly before the Gallery's temporary closure due to the Covid-19 pandemic on 18 March, they proved themselves to be both popular and very special exhibitions from artists who have always been favourites at the gallery.

#### National and International Programme

Sharing the Collection across the country remained a key priority including developing exhibitions for the National Trust partnership 'Faces of Change'. The COMING HOME project has allowed portraits of iconic individuals to return to places they are particularly associated with. This countrywide initiative is enabling fifty portraits to travel to towns and cities across the UK, providing venues and communities with opportunities to celebrate their local heroes.

The Gallery's international presence has continued to grow, bringing its collections and exhibitions to a broader audience and raising its profile on the international stage. In 2019, the Gallery's tour of *Michael Jackson: On the Wall* continued in Germany and ended in Finland and *Cindy Sherman* travelled to Vancouver Art Gallery. The *Michael Jackson* exhibition was seen by nearly 300,000 people overseas. Income and cost-sharing from these exhibition tours contributed to the Gallery's overall financial position.

Some of the Gallery's exhibitions due to open at the end of March 2020 were postponed due to the Covid-19 pandemic. As a result, the international exhibition *Tudors to Windsors*, will open at Royal Museums Greenwich later in 2020. Similarly, *Photographs in Dialogue UAE - 1971 – UK*, due to open at the Etihad Museum in March 2020, has been delayed to the autumn of 2020. This collaborative exhibition as part of the British Council's UK-Gulf Exhibition Programme with the Etihad Museum, Dubai, is an opportunity for the Gallery to work to support the UK's overseas relationships.

#### Research Programmes

The Gallery continued to increase understanding of the collection and support the study of portraiture through its cohort of doctoral students. Three projects began in October 2019: one CDP through the Thames Consortium, and two DTPs with the Open-Oxford-Cambridge consortium. This was also the first year of the new REACH CDP consortium, in which the Gallery works in partnership with Historic Royal Palaces, the National Trust, the British Film Institute and the National Maritime Museum.

National and international collaborative research projects included a partnership with the Paul Mellon Centre for the Study of British Art and the Yale Center for British Art to undertake a survey of Tudor and Jacobean portraiture. The Gallery also worked with the consortium of Independent Research Organisations on the Strategic Priorities Fund bid for the Arts and Humanities Research Council programme 'Towards a National Collection: Opening UK Heritage to the World', and is a co-investigator on one of the foundational projects.

The Gallery's Archive continues to facilitate the study of portraiture through the cataloguing of new collections, and has initiated an Oral History project to develop further holdings documenting institutional history.

## **2. To develop the Collection, creating opportunities for acquisition and commission, while improving its care and conservation**

#### Acquisitions

The growth of the Gallery's collection is fundamental to our work and many important portraits were acquired during this period, expanding its remit and filling critical gaps. Many of the portraits acquired this year have already gone on display or will be a key part of the redisplay for *Inspiring People*.

The Gallery was fortunate in acquiring a portrait of the celebrated dancer Gaetan-Apolline-Balthazar Vestris by Gainsborough through allocation by the Acceptance in Lieu Scheme.

Included among the significant contemporary acquisitions was 'Another Time XIX' which is part of the 'bodyforms' sculpture series by Antony Gormley, acquired with support of the Art Fund and White Cube Gallery.

Gifts to the Gallery of twentieth-century portraits included a portrait of Lady Helen Brook, the birth control advocate by William Roberts and a selection of drawings by the artist Milein Cosman depicting artistic and academic figures. The Gallery also received a gift of a bust of the holocaust survivor and champion wrestler Sir Ben Helfgott by Frances Segelman, Lady Petchey.

Other gifts to the contemporary collection included an oil portrait and sketches of the tennis champion Andy Murray by Maggi Hambling; portraits by Leonard McComb (Carel Weight, Alfie Howard 'Town Crier' and a self-portrait); and drawings by Howard Tangye (of fashion designers Richard Nicoll and Richard Malone).

### Commissions

Completed commissions for 2019/20 included the photographic portrait of Jonathan Ive by Andreas Gursky generously supported by Scott Collins in partnership with Outset Contemporary Art Fund. The BP portrait commission of Jeanette Winterson by Susanne du Toit was also completed.

### The Photographs Collection

Primary collection gifts were Manchester United footballer Eric Cantona by William Klein given by the artist and Hackelbury Fine Art and five prints by Martin Parr - Gordon Banks, Grayson Perry & family, Bruce Reynolds, Paul Stephenson and Vivienne Westwood - given by the artist at the conclusion of his exhibition *Only Human: Martin Parr*.

Generous gifts from photographers also saw major additions to the Collection, including Amy Winehouse by Blake Wood, Florence Welch by Tom Wood and a group of photographs from the 209 Women project, including Theresa May by Zoë Law and Yvette Cooper MP by Hannah Starkey.

Other significant reference collection gifts include five important works by contemporary artist John Stezaker given by the late Karsten Schubert, portraits of Audrey Hepburn by Terry O'Neill and Bert Hardy purchased with a grant from the Bern Schwartz Family Foundation, three portraits of Queen Elizabeth II by David Montgomery given by Peter Fetterman Gallery and a group of vintage prints of cultural figures of the 1980s by the late photographer Matthew R. Lewis given by his estate.

### The Heinz Archive and Library: Reference Collection

The Reference Collection continued with the acquisition of 'popular portraits' established by the Art Fund New Collecting Award. Purchases this year included four early twentieth century coloured mezzotints based on works in the Gallery's collection and a selection of etchings by Wenceslas Hollar showing seventeenth century British women's costume. Gifts included a small collection of 1980s and 1990s political postcards and an engraved portrait of the lawyer Sir Dinshah Fardunji Mulla by printmaker and art educator William Washington.

### Caring for the Collection

The main focus this year was preparing for the decant of the displayed national Collection as part of the Gallery's *Inspiring People* Project. This included tendering for the packing, transport and storage of the Collection.

Initial conservation assessments of all works currently on display were undertaken by the Conservation team in preparation for decant, taking an impressive 240 hours. This programme of

work will continue during the Gallery's temporary closure with plans to treat many iconic works that would otherwise normally be on public display. Conservation work undertaken in this period will also help meet the need to display more works on paper and time-based media upon re-opening.

### Cataloguing the Collection

The priority has been to ensure all new acquisitions are catalogued at the time they are accepted into the Collection. The target has been maintained in 2019/20 with a significant number of works catalogued, including 230 Foulsham and Banfield postcards, 180 prints from the Harry Diamond archive catalogued as part of a student placement from the MA program at Birkbeck University, 500 works from the Terence Pepper gift catalogued with the gift of funds from Terence Pepper and a further 400 works from the same gift catalogued by a fixed term volunteer.

## **3. To extend and broaden the range of audiences for the National Portrait Gallery**

### Adult Programme

A lively programme of events continued to engage a wide variety of audiences, taking its inspiration from the Collection, exhibitions programme and displays. Friday Lates, now in its second year, has become an established weekly offer, performing well in terms of audience numbers attending talks, popular drawing sessions and enjoying live DJ sets and drinks. Talks, conversations, practical workshops and tours responded to the exhibitions and a series of lectures marked key bicentenaries.

The programme of events responding to *The Pre-Raphaelite Sisters* was especially engaging and included an evening with singer Florence Welch which attracted a sell-out, diverse audience; a lively discussion between novelist Elizabeth Macneal, composer Howard Goodall, blogger Kirsty Stonell-Walker and biographer Lucinda Hawksley - all of whom were using the stories of the women in their work; and a practical weekend workshop featuring music and poetry.

### Families Programme

The Family Activity Base provided a range of resources for families to explore the Collection during school holidays, including two new illustrated Family Trails for 2019 - 'Art with Spark', for families to learn and create their own portraits and 'Time Switcher', for families to learn history and meet famous sitters. We delivered popular family takeover days reaching over 1,000 people each time and engaging new families with the Gallery, with activities including art workshops, talks, performances, and craft. These thematic family days responded to the Big Draw and LGBT History Month with our second successful 'Rainbow Family Day'.

### Schools Programme

CPD events for teachers fully booked including the Teacher Twilight *Pre-Raphaelite Sisters* and Taylor Wessing Photographic Portrait Prize 2019 and Teacher Seminar Hidden Histories: Revisiting Representations of History. Teacher resources were created for the *Cindy Sherman* and *David Hockney: Drawing from Life* exhibitions. Secondary students had the opportunity to meet artists in the collection in the 'Meet the Artist' events. Updated primary school workshops included the session 'Cultural Diversity: Representing people who matter, past and present' in which children visit the Gallery Archive in addition to the Galleries.

### Young People's Programme

In their role as Youth Ambassadors, members of the Youth Forum curated and led an afternoon of well-being activities as part of Mental Health Awareness Week, including craft and drawing activities and an in conversation with activist and writer Ellen Jones. An after-hours Youth Private View as part of the 'BP Next Generation' programme attracted 300 young people with a poetry performance by the Young People's Laureate for London, Theresa Lola, art classes and the opportunity to see the Gallery's exhibitions.

### Interpretation

The Gallery audio-visual guide system was used to develop a personal guide to the exhibition *Pre-Raphaelite Sisters* that could be hired onsite by visitors to gain personal insights and added layers of interpretation provided by the curators and other invited experts. The display *Black is the New Black* presented an audio guide app, developed in partnership with display sponsors OATH, in which the framed portrait photographs were scanned with the visitors' own phones in order to 'come to life' on screen, moving and delivering filmed content with personal testimonies of life for black Britons in the UK today.

#### Access Programme

The Gallery's regular access programme continued including monthly events for Deaf and hard of hearing audiences with British Sign Language and audio descriptive talks. Our monthly Visualising Portraits programme for people who are blind or visually impaired reached new audiences. Musical Portraits, our bi-annual partnership project with Wigmore Hall and Turtle Key Arts which enables young people with Autism Spectrum Condition to respond to the Collection creatively with art and music was delivered successfully and new hearing loops were installed across the Gallery.

#### Outreach

'Playful Portraits', the Gallery's outreach project where artists deliver art workshops in children's hospitals in London, taking inspiration from the Collection, continued with over 60 workshops delivered to children in Great Ormond Street Children's Hospital, Evelina Children's Hospital, Royal London and Newham University Hospital. Exploring 'Rebels, Dreamers and Believers' in the Collection, we commissioned an illustrator to create an Activity Book to provide a resource to children on the days we are not in the hospital. We work closely with play therapists, nursing staff and teachers to ensure the project is relevant, challenging and inspirational to all children 3-19 years old.

#### **4. To make the Gallery a national hub for sharing ideas and expertise about portraiture with a dynamic centre for learning in London and a skills sharing network across the country**

#### National Programme

Touring exhibition projects in the year included 'Faces of Change', a 3 year touring and activity partnership with the National Trust. The second collaborative exhibition *Nature's Champions* toured to three National Trust venues Dunham Massey, Attingham Park and Upton House and was visited by 79,735 visitors.

The COMING HOME project launched in early 2019, to take 50 works 'home' to venues with which the sitter has a strong connection. Twenty works have travelled home to date, including a portrait of King Richard III at New Walk Museum & Art Gallery in Leicester and Samuel Taylor-Johnson's portrait of David Beckham at Whipps Cross Hospital, attracting over 456,000 visitors in 2019/20. The collaborative exhibition *Exposed: The Naked Portrait* was shown at the Laing Art Gallery, Newcastle attracting 7,510 visitors.

#### Understanding British Portraits

The Understanding British Portraits Network provided opportunities to share knowledge and skills with sector professionals. 2019/20 saw seminars, study days and private collection visits and supported targeted fellowships, including our annual seminar in November 2019 and the Engaging Young People with Portraits conference in January 2020. Supported by Arts Council England, the network now has over 1,300 members.

#### **5. To create a digital presence which connects, inspires and engages audiences, where it is not seen as the remit of a single department, to one where all teams have digital activity as a core part of their working strategy**

#### Digital

The Gallery's website attracted a record-breaking 5.5 million visits in 2019/20, 414,000 more visits than the previous year and our social media channels now reach over 1.4 million followers.

Popular social media content has included two short films following the conservation of the recently acquired portrait of Queen Jane Seymour, which had a reach of over 169,000 and the continuation of our artist and sitter films for the BP Portrait Award and Taylor Wessing Photographic Portrait Prize. Partnerships took place with Toast on a series of podcasts about pioneering women in the Collection and with Smartify on their AR app, which gives in-gallery access to enhanced interpretation content.

The 'Search the Collection' area of the website saw over 2.4 million visits, an increase of over 300,000 year on year. New features have enhanced the online experience. Visitors can now touch the heads of sitters in over 6,600 group portraits to identify who is who, access to information written by curators in over fifty Gallery publications since the 1980s next to portrait listings and view many sculptures in a 360° virtual environment.

The unframed and framed digital print service was brought in-house with new printers and online interfaces, which led to a doubling in the number of print sales and profit. The Digitisation, Collections Database Management and Digital Content teams have now overseen the near completion of the Camille Silvy photographic collection online, alongside the continuing digitisation of the catalogued Archive Reference Collection due for completion in 2020-21.

### Communications

Marketing continued to make use of both traditional and new media to expand the Gallery's audiences. The 'Meet the locals' promotional campaign, targeting domestic and international tourists, had a reach of over 6.9 million people. Highlights ranged from posters on the Underground to branded beer mats in local pubs. The Head Space campaign which focused on the wellbeing benefits of a visit for those who live and work in the area, was seen by over 1 million people, with a billboard at Charing Cross, printed coffee cups at local independent cafés and geo-targeted digital advertising.

In a collaboration with Atlantic Records, the artwork for Stormzy's album *Heavy is the Head* was displayed in the Victorian Galleries in December 2019. The resulting social media film of Stormzy viewing the portrait received almost 167,000 likes and 2,500 comments on his Instagram feed alone. Press coverage extended to new audiences via the NME, East London Lines, The Voice, The Victoria Derbyshire Show, 1Xtra and Capital Radio.

## **6. To maximize the financial resources available through both public and private sector support, trading and licensing and through the effective management of the Gallery's assets and resources**

The Gallery relies on, and is grateful for, the help and generosity of individuals, public bodies, foundations and corporate sponsors. We also generate income through admissions, retail sales, publishing, event hire and catering and all of our income supports the vision and objectives of the Gallery.

### Individual Support (Patrons, Director's Circle, Members)

Individual donors have made significant contributions to support exhibitions, acquisitions and commissions as well as donations to the *Inspiring People* project. The Director's Circle has grown to 10 active members since its launch in 2018. This group supports the Director's vision and projects across the Gallery, and members enjoy bespoke events, with recent opportunities including a private screening of the Gallery's latest film acquisition, *Fergus* by TJ Wilcox, followed by dinner at the sitter Fergus Henderson's renowned restaurant, St John. Later in 2020 the group was meant to enjoy private collection tours, portrait unveilings and a day trip to Norfolk, hosted by the Director. Changes will now be made to that programme, looking online for alternative ways to explore our Collection.

### Membership

Membership currently stands at 12,436 for 2019-20 (12,744 as of 31 March 2019). . To maximise retention during the capital works, a revised proposition was launched in 2020 offering three years for the price of one, available to both current Members and new ones.

The announcement of the temporary Gallery closure from 29 June 2020 to spring 2023 has not yet affected members' retention significantly, but this may change as the *Inspiring People* project progresses. However, due to the earlier Gallery closure as a result of the Covid-19 pandemic, income from acquisition for the Gallery's Spring exhibitions has been affected.

### Charitable Trusts and Foundations

Trusts and foundations continue to be an important source of funding for many aspects of the Gallery's work. This year we were pleased to attract new donors for our programme of exhibitions and displays; these include Art Mentor Foundation Lucerne for Elizabeth Peyton, and the Michael Marks Charitable Trust and the Peter Cadbury Charitable Trust for Pre-Raphaelite Sisters. DIL Trust UK continued its generous support for the Hospital Schools Programme.

### Legacies

Income from legacies offer a significant opportunity for the Gallery, and in 2019 we continued to find ways of promoting this lasting way of supporting our work. We were very grateful to receive bequests from Lady Beryl Mustill and George Llewellyn Law.

### Corporate Support

2019-20 has proved a challenging year for corporate support. However, successes were seen in recruiting LOEWE and Page Hotels as new sponsors for *David Hockney: Drawing from Life*.

Ongoing multi-year partnerships include BP for the *Portrait Award*, Herbert Smith Freehills as Spring sponsor, Taylor Wessing as sponsor of the *Photographic Portrait Prize*, and Delancey who support Hospital Schools Programme.

Conversations are ongoing with all partners about how to retain their support during the temporary closure.

### Venue Hire

2019/20 was a very successful year for Private & Corporate Hire, attracting a significant number of new clients. The Events Team hosted a fourth show for Erdem in February 2020, and income has exceeded target once again.

### The Portrait Dinner

On 9 March 2020, the Gallery hosted its final Portrait Dinner before closure for the *Inspiring People* transformation. Fundraising activities on the night included a Silent Auction and Luxury Raffle, and guests had the opportunity to enjoy an exclusive preview of Cecil Beaton's Bright Young Things.

The early closure of the Gallery in March 2020 due to the Covid-19 pandemic has altered how the Gallery fundraises and interacts with our supporters. However, any shift in fundraising income will not be felt until financial year 2020-2021 is underway.

## **Commercial**

The Commercial team was integrated in 2018 and includes Publishing, Right & Images, Retail and Catering, the latter two only being part of the National Portrait Gallery Company Limited in this financial year. The department's primary aim is to capture secondary spend onsite as well as to promote and monetise the collection.

### Publishing

Publishing continues to develop three main product streams: collection titles, exhibition catalogues and paper products. In September 2019, we added to the *100 series* with *100 Writers* and *100*



*Fashion Icons*. There were also strong sales of exhibition catalogues: of particular note for Retail was the strong pick up rate of the *Pre-Raphaelite Sisters* catalogue, which was produced in hard and softback, and the *Cindy Sherman* catalogue.

### Rights & Images

The team have been working to upgrade the Gallery's online licensing portal that was launched in January 2020. Noticeable licenses in this period included a portrait of Alan Turing for the new £50 note. We have also been looking at how to engage with brand licensing in a more consistent and strategic way and have started working with the licensing agent TSBA.

### Retail

The retail offering stayed consistent over the three locations of bookshop, gift shop and exhibition shop. Successful ranges were developed for all exhibitions and we have also been working on collaborations with external designers to add interest to the retail offer with Erdem and Dinny Hall ranges both doing well. External advice was sought on the ecommerce site and further work was undertaken with the membership team to develop retail-focused events.

### Catering

The catering at the National Portrait Gallery consists of The Portrait Restaurant on level three with its views of Trafalgar Square and Westminster and the Portrait Café at basement level. The catering at the Gallery is run as a concession by Company of Cooks whose contract was extended in May 2019. The restaurant has a strong destination clientele who enjoy a pre-theatre menu or classic afternoon tea. Sales have been particularly strong this year, especially in the café, benefitting from the successful exhibition programme.

### The National Portrait Gallery Company Limited

The National Portrait Gallery Company Limited business includes retail, catering and events hire.

The figures below are taken from the National Portrait Gallery Company Limited's accounts (note 20):

#### National Portrait Gallery Company Limited Assets

	<b>2020</b>	2019
	<b>£000</b>	£000
Fixed assets	-	-
Current assets	<b>1,486</b>	1,266
Current liabilities	<b>(1,486)</b>	(1,266)
<b>Net assets</b>	-	-
Capital and reserves	-	-
<b>Total Assets</b>	-	-

#### Trading Company Income

	<b>2020</b>	2019
	<b>£000</b>	£000
Turnover	<b>3,107</b>	2,895
Cost of sales	<b>(1,127)</b>	(887)
<b>Gross profit</b>	<b>1,980</b>	2,008
Administrative expenses	<b>(1,362)</b>	(1,226)
<b>Trading profit</b>	<b>618</b>	782
Interest receivable	<b>2</b>	-
<b>Net contribution</b>	<b>620</b>	782

Turnover for 2019-20 was £3,107,000 (2018-19 £2,895,000). Catering, Retail and Events turnover and gross profit were impacted by the Gallery closure in March 2020 as a result of the Covid-19 pandemic.

## **7. To develop staff as an essential resource through the extension of staff diversity, training, development and learning programmes, upgraded internships and a volunteer programme**

### Employee involvement

The National Portrait Gallery aims to promote a sense of ownership and involvement for all those who work and contribute towards its success. A range of formal and informal mechanisms operate to inform, engage, involve and gather ideas and feedback from employees.

Information is cascaded throughout the organisation through all staff briefings, divisional briefings, departmental meetings and individual one-to-one meetings with employees. The National Portrait Gallery operates its own intranet site, which contains a wide range of information from news and updates about what is happening within the National Portrait Gallery.

To promote engagement and involvement of staff, National Portrait Gallery has created the following diversity networks: Black, Asian and Minority Ethnic (BAME) network and the Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) network. National Portrait Gallery's staff networks allow people who work at National Portrait Gallery to come together to focus on issues that are important to them and to National Portrait Gallery as a whole. They play an important role in helping National Portrait Gallery achieve its objectives by improving decision making and working towards a more inclusive culture.

The Gallery is the first museum to implement the 'Guardian' scheme developed by the Old Vic, which provides an opportunity for employees to access support in relation to their employment from trained colleagues, as an additional resource to their manager, HR and the union. We currently have 10 Guardians.

The National Portrait Gallery recognises three trade unions: First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. The trade unions negotiate pay and pay-related conditions of service for all employees. We initiated a formal consultation process with the union on February 2020 on a redundancy programme arising as a result of the decision to close the Gallery as part of the *Inspiring People* project. We have maintained strong and effective relations with the unions throughout this process, supported by informal consultation at an early stage, clear and timely communications to staff and meaningful formal consultation.

A broad range of induction training was provided to support new staff across all areas of the Gallery. In total over 850 courses, conferences, seminars and specialist training events have been completed via our e-learning system or attended by staff across the Gallery. These courses included Infection Prevention and Control for Everyone, Working Safely and Excel and Word courses. The e-learning system is also available for staff to use in their own time for personal and self-development on non-work related subjects in their own time.

The Gallery offered a total of two funded internships and two masters and degree led placements within the Curatorial and Learning departments, as well 13 work experience placements to Year 10 and 11 students from schools across London. The Gallery also offered a total of seven Apprenticeships to staff, five in ILM, one in HR (CIPD) and one Operations/Departmental Manager.

In line with UK government guidance, the National Portrait Gallery closed in March 2020 to help contain the spread of the coronavirus and ensure the safety and wellbeing of staff. The Gallery responded swiftly to change, implementing effectively its business continuity plans, communicating

with staff about closure in a timely manner and putting in place home working arrangements to respond to changes to established ways of working. As the situation evolves and the capital project progresses, key activities will include continuing to support staff who continue to work remotely, the effective management of departure, recruitment, on-boarding and training activities, and reviewing the Volunteer targets going forward.

#### Disability and access

The National Portrait Gallery is committed to becoming a truly inclusive organisation with a workforce and audience that represents the communities it serves. The Gallery runs a 'blind' recruitment process, ensuring that those involved in recruitment decision making processes do not have access to candidate's personal details. The Gallery is part of the Disability Confident Scheme, and is currently at Stage 2 of the scheme with plans to reach Stage 3 during 2020.

The National Portrait Gallery is committed to ensuring that opportunities to work at National Portrait Gallery are open to all, and that employees feel valued and able to be themselves in the workplace.

The composition of the Gallery's workforce, as at end of March 2020 is 80.7% white (83.5% in 2018-19), 13.9% black and ethnic minority (11% in 2018-19) and 5.4% preferred not to provide this data (5.5% in 2018-19).

The Gallery's gender profile is 27.9% male (29.7% in 2018-19), 71.7% female (70.3% in 2018-19) and 0.4% preferred not to say (none in 2018-19). The Gallery has a disabled workforce of 1.9% (2.2% in 2018-19) and 37.4% of the workforce undertakes part time working (35.5% in 2018-19).

#### ***Impact of Covid-19 for the National Portrait Gallery***

The Covid-19 global pandemic has had an unprecedented effect, causing a human, economic and social crisis across the world. There have been serious implications for people's health and wellbeing and a significant impact on all businesses and industries. There will be implications, which are likely to have an effect on museums and galleries in the UK in both the short and long term, from the state of the global economy to the way in which people behave in public spaces and engage with culture online. In line with others in the sector, the Gallery is assessing these impacts as much as is possible and moving from Gallery closure and business continuity plans to a plan to mobilise, stabilise and return to our work and activities.

Whilst we continue to work through and adapt to the implications of Covid-19 there have also been positive stories where we have adapted quickly. Our digital strategy is a key priority, we have seen growth across our channels during the lockdown period, and digital will continue to offer us new ways to reach wider audiences onsite, online in both Britain and abroad.

The Gallery closed as a result of Covid-19 on 18 March 2020. In order to complete the *Inspiring People* project, the Gallery in St Martin's Place, London will remain closed until spring 2023 while building works take place.

## **Future Developments**

### **Inspiring People Project**

*Inspiring People* is a £35.5m project for the comprehensive renewal of the National Portrait Gallery. The project will deliver both Capital Works and a national Activity Plan that will significantly enhance and diversify audiences, improve visitors' experience of the Gallery, increase long-term financial sustainability, conserve and enhance the Grade 1 Listed buildings and provide an exciting programme of activities and events on site, in London and throughout the UK. It is the most transformative project the Gallery has undertaken since the building opened in 1896.

At its core is an ambitious, more engaging, and much-needed comprehensive re-display of the Gallery's permanent Collection, from top to bottom, Tudors to now, together with a more welcoming entrance and forecourt, Learning Centre, the return of the East Wing to full public use, improved access and restored historic features. With an ambitious national programme and digital strategy, the Gallery will become more engaging and appealing to the widest, most diverse audiences onsite, online, nationally and internationally.

### **Strategic Objectives**

*Inspiring People* provides the strategic blueprint to deliver the National Portrait Gallery's corporate objectives. It will do this by delivering two complementary strands (a) capital works and (b) an enhanced programme of activities across the UK.

#### The Capital Works will deliver:

- A much improved provision for Learning;
- Comprehensive re-display and re-interpretation of the Collection – more on display and in chronological order;
- Improved entrances, accessibility, orientation and way-finding – less congestion at pinch-points, more intuitive orientation, access to all floors and a more logical flow of the galleries;
- Improved and larger permanent space for temporary exhibitions without affecting the flow of visitors to permanent galleries;
- Improvement in fabric of the building's heritage; and
- Increased opportunities for income generation.

#### The Activity Plan will deliver:

- A greatly enhanced and diversified range of activities both on site and around the UK during and after the capital programme;
- Expanded national learning and volunteer programmes;
- An enhanced digital offer; and
- In addition, the project will strengthen the Gallery's ability to continue to deliver a world-class gallery experience, hold exciting programmes of events and reach new audiences.

### **Project Development**

A masterplan and feasibility study for the project was completed in 2016, by Haworth Tompkins Architects which enabled a major grants application to be made to the National Lottery Heritage Fund (NLHF) in November 2016. This feasibility study forms the basis of the capital project and the outcomes of the project that were agreed at that time continue to be upheld.

Following success of the first round of the NLHF application a First Round Pass was awarded in April 2017, with permission to start being given in July of the same year. Jamie Fobert Architects were appointed as the Architect led team and design work commenced in February 2018 in earnest.

The project moved into delivery phase after the second round application was approved by the NLHF in 2019. RIBA Stage 4b designs were approved in spring 2020, followed by the procurement process for the main build contractor. Closure of the Gallery was planned for June 2020 to allow for enabling works and decant of the artwork, however closure was brought forward to March due to Covid-19. The main construction work is scheduled to start in autumn 2020. The Gallery is due to re-open to visitors in March 2023 however this date may be subject to change due to any ongoing impact from Covid-19.

As part of the Activity Plan, key works from the Gallery's Collection will remain on public display during the closure period through a series of nationwide activities, learning events inspired by the Collection and strategic collaborations. The timeline for delivering this programme of activities may however be subject to review in light the Covid-19 pandemic at the beginning of 2020-21 and the continued closure of national and regional museums and key delivery partners.

## Sustainability

### Operations and sustainability

Environmental sustainability is a prime consideration across the National Portrait Gallery's work, from the way food is sourced for cafés and restaurants, to the way buildings are managed and exhibitions created. The Gallery continues to make progress in reducing its environmental impact and has an active Green Group within the staff organisation, whose aim is to highlight and take positive action towards this end.

### 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 this constitutes the baseline year.

Overall, the National Portrait Gallery's carbon emissions for Scopes 1 and 2 have reduced by 15% since the baseline year. A number of energy-saving interventions have been made across the estate since 2014-15. Sustainability is an important issue for the National Portrait Gallery, which is demonstrated by an on-going 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 out-dated & obsolete controls are being replaced over time with modern, more efficient controls.

As the proposed scope of works for *Inspiring People* Project will include the upgrade of many of the existing services & systems in the areas which will be refurbished or redeveloped, this includes most of the proposed concerns and forward plans for replacement of outdated, and mostly obsolete controls system, for example 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 easily 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. 2014-15	2017-18	2018-19	2019-20	% change on base yr.
Greenhouse gas emissions (tCO <sub>2</sub> e)	Scope 1&2					
	Scope 1 (direct)	541,034	595,844	596,174	715,917	32%
	Scope 2 (indirect)	1,310,780	786,499	875,022	855,670	-34%
	Total Scope 1&2	1,851,814	1,382,343	1,471,196	1,571,587	-15%
	Scope 3					
	Business travel emissions*		77,591	81,668	61,844	n/a%
	Total Scope 3		77,591	81,668	61,844	n/a%
	<b>Total Scope 1–3</b>	<b>1,851,814</b>	<b>1,459,934</b>	<b>1,554,244</b>	<b>1,633,431</b>	<b>n/a%</b>
Energy use (kWh)	Electricity (renewable)	0	0	0	0	n/a%
	Electricity (non-renewable)	2,652,006	2,237,168	2,722,541	2,556,561	-3%
	Gas	2,924,933	3,230,037	3,219,338	3,865,953	32%
	<b>Total kWh</b>	<b>5,576,939</b>	<b>5,467,205</b>	<b>5,941,879</b>	<b>6,422,514</b>	<b>15%</b>
	<b>Total kWh per Visitor</b>	<b>2.67</b>	<b>3.23</b>	<b>3.83</b>	<b>4.16</b>	<b>55%</b>
Expenditure (£)	Electricity	281,474	213,859	276,954	273,584	-3%
	Gas	98,087	63,906	72,770	85,863	-12%
	Business travel	15,886	10,766	24,727	34,504	117%
	<b>Total expenditure</b>	<b>395,447</b>	<b>288,531</b>	<b>374,451</b>	<b>393,951</b>	<b>0%</b>

\*Business travel information has only been collected since 2017-18

## Waste and finite resources

During 2019-20, 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 22% from the baseline year due to a significant increase in waste being recycled/reused and 100% of food waste being composted using an anabolic digestion process which, when complete, returns the waste to crops as fertilizer. The remaining waste was diverted to an incineration plant, where it was used to generate electricity for the National Grid.

### Finite Resources, Waste

		Base yr. 2014-15	2017-18	2018-19	<b>2019-20</b>	% change on base yr.
Waste (tonnes)	Landfilled*	-	2.1	5.00	8.0	n/a%
	Hazardous waste disposed*	-	-	1.00	1.0	n/a%
	Reused/recycled	101	23.1	71.10	106	5%
	Composted	-	22.5	25.80	22.0	n/a%
	Incineration with energy recovery	119	34.6	49.80	34.0	-71%
	Incineration without energy recovery	0.0	0.0	0.0	0.0	0%
<b>Total waste</b>		<b>220</b>	<b>82.3</b>	<b>152.70</b>	<b>171</b>	<b>-22%</b>
Spend (£000)	<b>Total waste</b>	<b>22,977</b>	<b>17,500</b>	<b>22,853</b>	<b>33,000</b>	<b>44%</b>

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

### Finite Resources, Water

		Base yr. 2014-15	2017-18	2018-19	<b>2019-20</b>	% change on base yr.
Water use (m <sup>3</sup> )	Total scope 1 & 2	14,612	16,193	17,263	30,322	107%
	Total scope 2 litres per visitor	0.007	0.009	0.011	0.019	<b>171%</b>
Expenditure (£000)	<b>Water supply</b>	<b>30,641</b>	<b>36,605</b>	<b>32,561</b>	<b>41,931</b>	<b>37%</b>

## 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.

## **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: gallery activities, gallery operations and Collections, with a total expenditure of £17,667,000 (2019-20: £17,572,000). Overall, 76% of expenditure (2019-20: 76%) 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.

## **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.

Over the 2019-20 period 4 exhibitions (2 in 2018-19) were shown at the National Portrait Gallery containing works for which Immunity from Seizure was granted, covering 14 works (42 in 2018-19). The exhibitions are listed below.

### 2020 Works covered by Immunity from Seizure

<b>Exhibition</b>	<b>Period from</b>	<b>Period to</b>	<b>Number of works</b>
<i>Cindy Sherman</i>	27 June 2019	15 September 2019	4
<i>Elizabeth Peyton: Aire and Angels</i>	3 October 2019	5 January 2020	3
<i>David Hockney: Drawing from Life</i>	27 February 2020	28 June 2020	3
<i>Cecil Beaton's Bright Young Things</i>	12 March 2020	7 June 2020	4
<b>Total</b>			<b>14</b>



## Performance indicators

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

### Performance indicators

	<b>Actual 2020 000s</b>	Actual 2019 000s
<i>Access</i>		
Number of actual visits	<b>1,542</b>	1,550
Number of unique users visiting the website	<b>5,545</b>	5,131
<i>Audience profile</i>		
Number of visits by children under 16	<b>108</b>	129
Number of overseas visits	<b>648</b>	610
<i>Learning / outreach</i>		
<i>Children</i>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	<b>34</b>	32
Number of instances of visitors under 18 participating in on-site organised activities	<b>2</b>	3
<i>Visitor satisfaction</i>		
Percentage of visitors who would recommend a visit	<b>99%</b>	95%
<i>Income generation</i>		
Exhibitions income (admissions and other exhibitions related income)	<b>3,933</b>	3,762
Trading net profit	<b>620</b>	782
Fundraising (including capital)	<b>6,008</b>	8,411
Ratio of Fundraising to Grant in Aid	<b>0.6:1</b>	1:1
<i>Regional engagement</i>		
Number of UK loan venues	<b>100</b>	80

Visitor figures at the National Portrait Gallery were 1.5 million in 2019-20 (1.5 million in 2018-19). Visitor figures were adversely impacted by the Gallery closure on 18 March 2020. The number of unique users visiting the website has increased to 5.5 million in 2019-20 (5.1 million in 2018-19) as a result of a number of content projects which have driven traffic.

The decrease in fundraising income reflects the fluctuation in timings of donations for the *Inspiring People* project. Exhibitions income has been higher in 2019-20 in line with a higher number of exhibition visitors. Trading net profit has been impacted by a stock write off as a result of Gallery closure and trading conditions were impacted by Covid-19 throughout March.

## 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 loss in a volatile and challenging economic environment. All of the loss incurred was as a result of Covid-19 and its impact on self-generated income.

The consolidated statement of financial activities on page 44 shows total income of £23,524,000 (£24,357,000 in 2018-19). Of this amount, £883,000 (£253,000 in 2018-19) was applied to the capital programme, £1,749,000 (£708,000 in 2018-19) to Collection acquisitions and £176,000 (£3,174,000 in 2018-19) to Endowment Funds. The remaining £20,716,000 (£20,222,000 in 2018-19) was applied to ongoing operations (see expenditure below).

The National Portrait Gallery received £8,575,000 of Grant in Aid (£7,634,000 in 2018-19), provided through DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £7,772,000 (£7,381,000 in 2018-19);
- capital expenditure grant used to support the purchase and maintenance of fixed assets of £803,000 (£253,000 in 2018-19) The increased capital reflects an award from the urgent repairs fund for the Gallery.

The National Portrait Gallery continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £14,815,000 for the year (£16,723,000 in 2018-19). The variance in self-generated income is because of fundraising 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 44 shows total expenditure of £23,218,000 (£23,153,000 in 2018-19). Of this amount £3,094,000 (£3,190,000 in 2018-19) was applied to the capital programme, £14,000 (£35,000 in 2018-19) to Collection acquisitions and £20,110,000 (£19,846,000 in 2018-19) was applied to ongoing operations.

Over the past year, the National Portrait Gallery has added works of art valued at £1,773,000 to the Collection (£774,000 in 2018-19). Of this figure, £1,643,000 has been donated by individuals either directly or in lieu of tax (£376,000 in 2018-19). Funding for purchased works of art has come from many sources, including donors and self-generated income.

Reserves and funds carried forward of £136,456,000 (£136,156,000 in 2018-19) are:

#### Reserves

	<b>2020</b>	2019
	<b>£000</b>	£000
Revaluation reserve	<b>61,705</b>	61,234
Capital reserves	<b>22,265</b>	23,576
Works of art reserves	<b>34,466</b>	32,693
General reserve	<b>681</b>	1,717
Endowment funds	<b>3,106</b>	3,092
Other restricted reserves	<b>13,688</b>	13,425
Other designated reserves	<b>545</b>	419
<b>Total Reserves</b>	<b>136,456</b>	<b>136,156</b>

For more details on reserves, please refer to note 16.

#### **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 £1,784,000 (£2,746,000 in 2018-19) comprise nil (£1,400,000 in 2018-19) in relation to land, nil (£1,200,000 in 2018-19) in relation to freehold buildings, £1,569,000 (nil in 2018-19) in relation to the *Inspiring People* asset under construction,

and £215,000 (£146,000 in 2018-19) on plant and machinery and other assets. Heritage assets comprise works of art; additions of £1,773,000 in the year (£774,000 in 2018-19) include items donated, bequeathed or given in lieu of tax to the National Portrait Gallery with an approximate value of £1,643,000 (£376,000 in 2018-19). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 10.

### **Subsidiary undertakings**

The results of the National Portrait Gallery's trading subsidiary are summarised in note 20 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 2019-20 62% (76% in 2018-19) of invoices were settled in 30 days or less.

### **Going concern**

The Gallery was due to close on 28 June 2020 as a result of the *Inspiring People* project and plans are in place to manage the cash position through closure. However, the impact of Covid-19 has had a significant detrimental impact on the National Portrait Gallery's income, expenditure and cash position, especially in relation to lost self-generated income during Gallery closure between 18 March and 28 June 2020. Given the financial difficulties that the Gallery faces, additional financial support, in the form of Grant in Aid is expected from the Department of Digital, Culture, Media and Sport. 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, net of grant in aid receipts should be maintained.

However, the Gallery is closing as a result of the *Inspiring People* project and operating conditions will be 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 to rebuilding reserves that meet the reserves policy by 2028/29. A loan from the Department of Digital, Culture, Media and Sport will cover the net expenditure during the period of construction.

The Trustees consider the following funds when reviewing the reserves policy: the Investment and Contingency fund, the General fund, the Deferred Project fund and the *Inspiring People* fund. They are all unrestricted funds, some of which are designated by Trustees for specific purposes. Please see note 16 for further information.

At the year end the reserves under consideration in respect of the reserves policy was £1,226,000 (£2,136,000 in 2018-19), equivalent to two months (two and a half months in 2018-19) worth of unrestricted charitable expenditure, net of grant in aid receipts. The unrestricted reserve is reviewed by the Finance Committee on a quarterly basis.

### **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*. The Gallery holds two funds: The Master Portfolio/Heinz (long-term investments) and the Investment and Contingency Fund (short-term investments).

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.

#### The Master Portfolio/Heinz

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%. In 2018-9, a legacy of \$4m was received from Drue Heinz and during 2019-20 it was placed under the management of Partners Capital. As the income and capital relating to it are ring-fenced, it has been classified as a Fixed Asset investment along with The Master Portfolio. The annual income from the Heinz fund will support the core activities of the Heinz Library & Archives.

At 31 March 2020, the Master Portfolio/Heinz investment fund was valued at £9,438,000 (£6,179,000 in 2018-19); historic cost £6,820,000 (£3,620,000 in 2018-19).

#### 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 2020, the I&CF was valued at £4,067,000 (£5,610,000 in 2018-19); historic cost £2,986,000 (£3,986,000 in 2018-19).

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.

### **Personal data related incidents**

The Gallery maintains a record of all personal data incidents and personal data breaches. The incident record includes the nature of the incident, the nature of data involved, the number of people potentially affected and the steps taken to notify the individuals concerned. Incidents are assessed and where necessary escalated and identified as a data breach.

A personal data breach is classified as a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or unauthorised access to personal data that is transmitted, stored or otherwise processed. The Gallery's Personal Data Breach Management Team assess any breaches to establish the likelihood and severity of the resulting risk to people's rights and freedoms. If it's likely that there will be a risk and a breach is classified as notifiable, the Data Protection Officer will report it to the Information Commissioner's Office within 72 hours. The Gallery dealt with two personal data breaches during the year. After assessment, neither met the threshold for reporting to the ICO.

### **Social policy and wider public benefit**

The National Portrait Gallery aims to serve as wide a 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 Hospital Programme and COMING HOME are both examples of activity delivered in towns and cities across the UK, aiming to enhance access to the Collection and 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 2019-20 with new online content and features that have transformed the online experience, such as the ability to touch the heads of sitters in over 6,600 group portraits to identify who is who, reaching more than 5.5 million visitors to its website and 1.4 million followers across social media platforms.

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 2019-20. The audit fee in respect of this work was £52,000 (£38,000 in 2018-19). 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 £10,900 (£9,950 in 2018-19).

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 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

Nicholas Cullinan  
Director, the National Portrait Gallery

15 July 2020

Signed

David Ross  
Chairperson, the National Portrait Gallery

15 July 2020

# REMUNERATION REPORT

## Membership

The Remuneration Committee, advising on contractual terms and remuneration for the Director, is made up of the following Trustees: David Ross, Roger Blundell, Dr Joanna Kennedy, Sir Peter Stothard and Chris Townsend.

## 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 employees 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 (FReM) paragraph 5.3.28. "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 staff details need to be disclosed under this guidance for 2019-20.

The following paragraphs within the Senior Directors' section of the Remuneration Report have been subject to audit.

### Salary entitlements

		<b>2019-20</b>	2018-19
		<b>£'000</b>	£'000
Nicholas Cullinan	Director	<b>110-115</b>	100-105
Pim Baxter	Deputy Director	<b>85-90</b>	85-90
Ros Lawler	Chief Operating Officer	<b>85-90</b>	-

The salary entitlements above represent one full year contractual salary including bonus entitlements. The actual amounts paid are disclosed in the following table:

## Remuneration Breakdown

	2019-20				2018-19					
	Salary (excluding non-consolidated performance-related pay) £000	Non-consolidated performance pay £000	Benefits-in-kind £000	Pension benefits <sup>a</sup> (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 <sup>a</sup> (to the nearest £1,000) £000	Total remuneration £000
Nicholas Cullinan, Director	<b>110-115</b>	-	-	<b>45</b>	<b>155-160</b>	100-105	5-10	-	40	145-150
Pim Baxter, Deputy Director	<b>55-60</b>	-	-	<b>9</b>	<b>60-65</b>	85-90	-	-	10	95-100
Ros Lawler, Chief Operating Officer	<b>30-35</b>	-	-	<b>12</b>	<b>40-45</b>	-	-	-	-	-
Band of highest-paid director's total remuneration					<b>110-115</b>					105-110
Median total remuneration					<b>26,435</b>					26,073
Ratio					<b>4.3</b>					4.1

<sup>a</sup> 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 median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the National Portrait Gallery in the financial year 2019-20 was £110,000-£115,000 (£105,000-£110,000 2018-19). This was 4.3 times (4.1 2018-19) the median remuneration of the workforce, which was £26,435 (£26,073 2018-19). In 2019-20, 0 employees (nil in 2018-19) 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.



## Pension Breakdown

	Accrued pension at end date at 31 March 2020 £000	Real increase / (decrease) in pension at end date £000	CETV at 31 March 2020 £000	CETV at 31 March 2019 or start date £000	Real increase / (decrease) in CETV £000
Nicholas Cullinan, Director					
Pension	10-15	0-5	122	92	18
Lump sum	-	-	-	-	-
Pim Baxter, Deputy Director					
Pension	20-25	0-5	506	501	8
Lump sum	70-75	0-5	-	-	-
Ros Lawler, Chief Operating Officer					
Pension	0-5	0-5	9	-	7
Lump sum	-	-	-	-	-

Nicholas Cullinan, Pim Baxter 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.

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.

*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 4.2 in 2019-20 (3.4 in 2018-19).

### **Off-payroll engagements**

As a result of the Accounts Directive from DCMS the National Portrait Gallery follows guidance per the Financial Reporting Manual (FReM) paragraph 5.3.27. As of March 2020, there were no off payroll engagements for more than £245 per day and that lasted longer than six months (nil in 2018-19).

### **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

Number of employees who were relevant union officials during the relevant period 4

### Percentage of time spent on facility time

<b>Percentage of time</b>	<b>Number of employees</b>
0%	-
1-50%	4
51%-99%	-
100%	-

### Percentage of pay bill spent on facility time

Total pay bill (wages + ER NI +ER Pension)	£2,274
Percentage of facility time against total pay bill	0.020%

For more information about staffing please see note 8.

Signed

Nicholas Cullinan  
Director, the National Portrait Gallery

15 July 2020

Signed

David Ross  
Chairperson, the National Portrait Gallery

15 July 2020

## 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 Digital, 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 is 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

Nicholas Cullinan  
Director, the National Portrait Gallery

15 July 2020

Signed

David Ross  
Chairperson, the National Portrait Gallery

15 July 2020

\* a copy of which is available from: The Accounting Officer, the National Portrait Gallery, Millbank, London, SW1P 4RG

# GOVERNANCE STATEMENT

## **Introduction**

The National Portrait Gallery (the Gallery) is an executive non-departmental public body (NDPB) sponsored by the Department for Digital, 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 Digital, 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 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, safeguard and to promote the Gallery and its collections in the best interests of the public. The priority of the Board is strategic 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, 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.

## **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 Digital, 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.

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 Chair of the National Portrait Gallery Company Board, currently Christopher Townsend OBE, attends the meetings of the Board of Trustees as an independent co-opted Trustee.

The Board of Trustees is required to follow the principles established by the Nolan Committee in the conduct of public bodies; 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 induction process for Trustees was reviewed in 2019 to include site visits and 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 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; and
- Advisory Committees with no formal decision-making authority: Finance Committee; Advisory Ethics Committee, Audit & Risk Committee, Remuneration Committee.

<b>Board/ Sub-Committee</b>	<b>Type</b>	<b>Remit</b>
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.
Remuneration Committee	Board Sub-Committee	Advises on contractual terms and remuneration for the Director.
Investment Committee	Board Sub-Committee	Reviews the performance of the Gallery's investment funds and advises on investment strategy.
Finance 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.
Advisory 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.
Chair's Group	Board Sub-Committee	Advises on governance matters and succession planning for Trustees and Board Sub-committees.

## 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.

## Membership and Attendance

### ***The Board of Trustees\****

During the year, Allegra Berman and Sir Michael Hintze retired from the Board. A campaign to replace them was underway at the end of 2019-20. In July 2019, The Rt Hon Jacob Rees-Mogg MP replaced The Rt Hon Mel Stride MP, who had replaced The Rt Hon Andrea Leadsom MP earlier in the year, as Lord President of the Council and Gallery *ex-officio* Trustee. Rebecca Salter succeeded Christopher Le Brun as the President of the Royal Academy and Gallery *ex-officio* Trustee in December 2019.

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

- David Ross (Chair) – 4 of 4 meetings
- Dr Brian Allen – 4 of 4 meetings
- Allegra Berman – 2 of 2 meetings
- Roger Blundell – 4 of 4 meetings
- Rob Dickins – 3 of 4 meetings
- Marcus Harling – 4 of 4 meetings
- Sir Michael Hintze – 0 of 3 meetings
- Dr Joanna Kennedy OBE – 3 of 4 meetings
- The Rt Hon Andrea Leadsom MP (*ex-officio*) – 0 of 1 meetings
- Christopher Le Brun (*ex-officio*) – 1 of 3 meetings
- The Rt Hon Jacob Rees-Mogg MP (*ex-officio*) – 0 of 2 meetings
- Dr Andrew Roberts – 4 of 4 meetings
- Rebecca Salter PRA (*ex-officio*) – 1 of 1 meeting
- Bjorn Saven – 3 of 4 meetings
- Sir Peter Stothard – 4 of 4 meetings
- The Rt Hon Mel Stride MP (*ex-officio*) – 0 of 1 meetings
- Christopher Townsend OBE (*co-opted*) – 4 of 4 meetings
- Dr Rachel Wang – 4 of 4 meetings
- Professor Shearer West – 4 of 4 meetings
- Jonathan Yeo – 3 of 4 meetings

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

## Board Sub-Committees

Membership and attendance\* at meetings during 2019-20:

<p><b>Audit and Risk Committee</b> The Audit and Risk Committee met 4 times in 2019-20 (4 in 2018-19).</p> <ul style="list-style-type: none"> <li>• Roger Blundell (Trustee, Chair) – 4/4</li> <li>• Marcus Harling (Trustee) – 4/4</li> <li>• Sir Michael Hintze (Trustee) – 0/3</li> <li>• Stephen Souchon (Co-opted Member) – 3/3</li> <li>• Neil Spence (Co-opted Member) – 3/4</li> </ul>	<p><b>Finance Committee</b> The Finance Committee met 4 times in 2019-20 (5 in 2018-19).</p> <ul style="list-style-type: none"> <li>• Allegra Berman (Trustee, Chair to 31 July 2019) – 2/2</li> <li>• Roger Blundell (Trustee, Interim Chair from 1 August 2019) – 3/4</li> <li>• David Ross (Trustee) – 3/4</li> <li>• Bjorn Saven (Trustee) – 3/4</li> <li>• Neil Spence (Co-opted Member) – 3/4</li> </ul>
<p><b>Investment Committee</b> The Investment Committee met 3 times in 2019-20 (2 in 2018-19).</p> <ul style="list-style-type: none"> <li>• Allegra Berman (Trustee, Chair to 31 July 2019) – 1/1</li> <li>• Bjorn Saven (Trustee, Interim Chair from 1 August 2019) – 3/3</li> <li>• David Ross (Trustee) – 1/3</li> <li>• Anthony Brooke (Co-opted Member) – 3/3</li> <li>• Jeremy Sillem (Co-opted Member) – 3/3</li> <li>• Ben Whitmore (Co-opted Member) – 2/3</li> </ul>	<p><b>Inspiring People Project Board</b> The <i>Inspiring People</i> Board met 13 times during 2019-20 (11 in 2018-19).</p> <ul style="list-style-type: none"> <li>• Dr Joanna Kennedy OBE (Trustee, Chair) – 13/13</li> <li>• Jonathan Yeo (Trustee) – 4/9</li> <li>• Kim Evans (Independent Member) – 2/2</li> <li>• Dr Peter Gist (Independent Member) – 9/13</li> <li>• David Hickey MBE (Independent Member) – 3/3</li> <li>• Amanda Hill (Independent Member) – 0/10</li> <li>• Christopher Le Brun (Independent member) – 1/2</li> <li>• Jenni Lomax OBE (Independent Member) – 10/12</li> <li>• Alice Rawsthorn OBE (Independent member) – 3/12</li> </ul>
<p><b>Chair's Group</b> The Chair's Group met 3 times in 2019-20.</p> <ul style="list-style-type: none"> <li>• David Ross (Trustee, Chair) – 3/3</li> <li>• Allegra Berman (Trustee) – 0/1</li> <li>• Roger Blundell (Trustee) – 3/3</li> <li>• Dr Joanna Kennedy OBE (Trustee) – 3/3</li> <li>• Sir Peter Stothard (Trustee) – 3/3</li> <li>• Christopher Townsend OBE (Co-opted Trustee) – 3/3</li> </ul>	<p><b>Advisory Ethics Committee</b> The Advisory Ethics Committee met 3 times in 2019-20.</p> <ul style="list-style-type: none"> <li>• Sir Peter Stothard (Trustee, Chair) – 3/3</li> <li>• Dr Brian Allen (Trustee) – 3/3</li> <li>• Sir Nicholas Blake (Independent Member) – 3/3</li> <li>• Professor Shearer West – 0/0</li> </ul>
<p><b>Remuneration Committee</b> The Remuneration Committee met in June 2020 to consider the matters detailed in the Remuneration Report.</p>	

\* (fractions reflect attendance at eligible meetings)

## Highlights of Board and Sub-Committee Business 2019-20

### **The Board of Trustees**

During 2019-20, the Board considered key strategic issues and routine business planning, including:

- current and forward budgets, management information and development of the forward business plan;
- regular review of and updates about the *Inspiring People* project;
- exhibition programmes from 2018 to 2022;
- acquisitions and future commissions;
- the Gallery's audience and digital strategies;
- the audited accounts and Annual Report;
- corporate risks; and
- the Data Protection Policy.

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.

At the end of 2019-20 and in response to the Covid-19 pandemic and government guidance aimed to contain its spread, the Trustees approved the Gallery's temporary closure from 18 March 2020. A key focus of the business considered since has been the financial and wider implications of temporary closure for the Gallery and its plans for *Inspiring People* and future sustainability. Effective arrangements were put in place to ensure business continuity and that the Gallery's governance policies and procedures continued to be followed during the outbreak: it is expected that these arrangements will continue to support Trustees with good charity governance while the Gallery remains closed to complete the *Inspiring People* project.

### **Board Sub-Committee reports 2019-20**

During 2019-20, the Audit and Risk Committee, Finance Committee and Advisory Ethics Committee, Chair's Group and the *Inspiring People* Project Board all considered issues of governance and risk, including reputational risk.

The Audit and Risk Committee covered items of business including the risk register, business continuity planning, cyber security arrangements, 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 Committee advised the Board on the budget, management information, cash flows, reserves and the *Inspiring People* project.

The Advisory 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 responding to the findings of a governance review undertaken in 2018-19.

The *Inspiring People* Project Board recommended that the Board approve the Royal Institution of British Architects (RIBA) Stage 3 designs and cost plan and, following the award of the full £9.4 million grant from The National Lottery Heritage Fund, the RIBA Stage 4a design and oversee progress to RIBA Stage 4b (procurement). The Board also considered updates on the Activity Plan and fundraising, and the development of the Full Business Case for the *Inspiring People* project.



Remuneration Committee business considered in 2019-20 is detailed in the Remuneration Report.

## **Board Effectiveness**

The Board reviews its effectiveness annually through a questionnaire completed by each Trustee. The review is informed by the views of the Gallery's Directors. A report of findings is considered by the Chair's Group and the Board of Trustees. The review includes periodically an element of independent assessment and the last independent review was carried out in 2018-19. In addition, the Chair's appraisal is conducted by the Deputy Chair.

The 2019-20 review concluded that the Board had performed well. Trustees reflected positively on the Board's composition, operation and performance noting a strong and effective relationship with the Gallery's senior team. They indicated that they were satisfied that the quality of data they receive is sound and that effective and appropriate processes were in place that met the requirements of good governance. Trustees reiterated the continued need to focus on risk as the *Inspiring People* project progresses and made suggestions for improving performance reporting and strategic discussion at the Board. They identified a number of areas of future priority, including developing new digital content during closure to extend reach and brand awareness and reviewing the Gallery's long-term strategy to reflect its post *Inspiring People* ambitions. Trustees noted the need to strengthen Board diversity noting opportunities to address this through forthcoming public appointments and reviewing how the Trustees' skills and experience are used, to ensure that they continue to effectively support the Gallery's ambitions.

Separately, a review of the Chair's performance was conducted by the Deputy Chair, Dr Joanna Kennedy OBE. There was strong endorsement on the excellent leadership the Chair brings to the Board. Trustees were unanimous in that the Chair was playing an effective role in ensuring that the Board discharged its statutory responsibilities, representing the Gallery externally and chairing Board meetings.

## **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 and approved by 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 Senior Management Team, which is made up of heads of departments and senior curators and serves as a forum for consultation on and discussion of important strategic and operational issues, and gallery-wide policy issues which do not have resource implications. The Senior Management Team was chaired until October 2019 by the Deputy Director and the Chief Operating Officer since December 2019. 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 2019-20**

<b>Name</b>	<b>Job Title</b>
Dr Nicholas Cullinan	Director and Accounting Officer
Dr Robert Barr	Director of Estates and Operations
Pim Baxter	Deputy Director (to 25 October 2019)
Ros Lawler	Chief Operating Officer (from 02 December 2019)
Jessica Litwin	Director of Development (from 11 November 2019)
Clare Rolfe	Finance Director of the <i>Inspiring People</i> Project (to 2 May 2019)
Anna Starling	Director of Commercial (Interim Director from 10 June 2019 to 31 January 2020)
Lornette Pemberton	Human Resources Director
Dr Alison Smith	Chief Curator
Liz Smith	Director of Learning and Engagement
Sarah Tinsley	Executive Director, Programmes and Partnerships
Denise Vogelsang	Director of Communications and Digital (Interim Director from 10 June 2019 to 31 January 2020)
Ben Weaver	Director of External Relations (to 10 June 2019)
Lesley Williams	Chief Financial Officer

### **Subsidiary undertakings**

The main retailing, catering 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 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 are summarised in note 20 to the financial statements.

### **Connected charities**

The Gallery has one connected charity, the Portrait Trust, which is independent and its activity does not impact on the Gallery's operating policies. The Trustees of the Portrait Trust work closely with the National Portrait Gallery and have the aim of helping it to fulfil its mission to promote the public's enjoyment, understanding and learning through the medium of portraiture.

The Trust is independent and does not impact on the National Portrait Gallery's operating policies. The Trust has not been active in recent years, and on 3 April 2019 the Trustees of the Portrait Trust and the Trustees of the National Portrait Gallery entered into a Transfer Agreement, where by the Gallery will receive the assets of the trust and continue the work of the Portrait Trust. This was enacted in 2019-20 and the Portrait Trust will be wound down once the process has concluded.

### **Risk management**

The Risk Management Strategy and Policy, updated and agreed by the Audit and Risk Committee in February 2019, 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 Directors 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 Directors Group and the Audit and Risk Committee 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 Directors 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 2020.

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 2019-20, 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. An adequate assurance opinion, or better, was given for three of the four assurance reviews carried out. A limited assurance opinion was given for a review of Business Continuity Planning and an action plan has been agreed to address the recommendations made including updating the BCP Plan, a log of near miss incidents, and a communication plan for staff.

### Significant risks

During the year the following significant changes have been made to the risk register:

- the addition of the impact of Covid-19 on the Gallery in terms of closure, loss of self-generated income, cash flow, reserves and going concern.

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

Risk	Mitigations:
The impact of Covid-19 on the Gallery in terms of closure, loss of self-generated income, cash flow, reserves and going concern.	<ul style="list-style-type: none"> <li>• Business Continuity Plans have been implemented</li> <li>• The Gallery has been closed to the public from 18 March</li> <li>• Security plans to protect the Collection have been actioned</li> <li>• The Coronavirus Job Retention Scheme has been implemented</li> <li>• 2020-21 Budgets have been reviewed and further cost saving measures put in place</li> </ul>
Delivery of the <i>Inspiring People</i> Project.	<ul style="list-style-type: none"> <li>• Scenario planning has been completed to work through the implications of Covid-19</li> <li>• A reasonable and appropriate level of contingency remains in the budget for the project at stage 4b</li> <li>• The Gallery are working closely with DCMS to ensure that the Full Business Case remains on track</li> </ul>
Ensuring that the Gallery has a sustainable operating and financial model in the medium to long term.	<ul style="list-style-type: none"> <li>• Continue to liaise with DCMS on funding options</li> <li>• Three year budgets have been completed</li> <li>• Continue to work and refine the operating model for the re-opening of the Gallery after <i>Inspiring People</i>.</li> </ul>
Decanting the Collection from the Gallery to storage as a result of <i>Inspiring People</i> and increased levels of movement as a result of national and international touring.	<ul style="list-style-type: none"> <li>• Detailed planning for the decant of the works of art from the Gallery into storage</li> <li>• Plans to temporarily rehouse the framing and transit rooms</li> <li>• Plan for art transportation during Gallery closure to facilitate loans and touring of works of art</li> </ul>

## **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.

## **Whistleblowing policy**

The National Portrait Gallery has whistleblowing procedures which are regularly reviewed and updated, and made available to all staff.

## **Significant incidents arising relevant to internal control**

There were no significant incidents during the year.

Signed

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

15 July 2020

Signed

David Ross  
Chairperson, the National Portrait Gallery

15 July 2020

# 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 for the year ended 31 March 2020 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and National Portrait Gallery Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Portrait Gallery's affairs as at 31 March 2020 and of its net income/(expenditure) for the year then ended for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

## Emphasis of Matter: Material uncertainty regarding property valuation

I draw attention to Note 9 to the financial statements, which describes the basis for valuing the Gallery's land, leasehold & freehold buildings and plant & machinery. Management consider that there is a 'material valuation uncertainty' associated with these balances. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. My opinion is not modified in respect of this matter.

## Opinion on regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the National Portrait Gallery and Group in accordance with the ethical requirements that are relevant to my audit and 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**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the National Portrait Gallery's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the National Portrait Gallery have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the National Portrait Gallery's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Responsibilities of the Trustees and Director**

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the National Portrait Gallery's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the National Portrait Gallery's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Portrait Gallery's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the National Portrait Gallery to cease to continue as a going concern.

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

In addition, 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.

### **Other Information**

The Trustees and Director are responsible for the other information. The other information comprises information included in the Trustees' report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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 the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' Report; and
- the information given in the Trustees' Report which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.



### **Matters on which I report by exception**

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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 17 July 2020**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



## Consolidated and National Portrait Gallery Balance Sheets

Balance Sheets at 31 March 2020

	Notes	Group		National Portrait Gallery	
		2020 £000	2019 £000	2020 £000	2019 £000
<b>Fixed assets</b>					
Tangible assets	9	83,970	84,810	83,970	84,810
Heritage assets	10	34,466	32,693	34,466	32,693
Investments	6	9,438	6,179	9,438	6,179
<b>Total fixed assets</b>		<b>127,874</b>	123,682	<b>127,874</b>	123,682
<b>Current assets</b>					
Stocks	11	464	674	358	382
Debtors and prepayments	12	2,160	2,385	3,358	3,170
Investments	6	4,067	5,610	4,067	5,610
Cash and liquid resources	13	9,190	9,108	7,948	8,442
<b>Total current assets</b>		<b>15,881</b>	17,777	<b>15,731</b>	17,604
<i>Creditors: amounts falling due within one year</i>	14	<b>(3,710)</b>	(2,715)	<b>(3,560)</b>	(2,542)
<i>Provisions: amounts falling due within one year</i>	14	<b>(1,019)</b>	(8)	<b>(1,019)</b>	(8)
<b>Net current assets</b>		<b>11,152</b>	15,054	<b>11,152</b>	15,054
<b>Total assets less current liabilities</b>		<b>139,026</b>	138,736	<b>139,026</b>	138,736
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(2,570)</b>	(2,580)	<b>(2,570)</b>	(2,580)
<b>Total assets less liabilities</b>		<b>136,456</b>	136,156	<b>136,456</b>	136,156
<i>Represented by:</i>					
Restricted reserves					
Restricted funds (excluding revaluation reserves)	16	67,674	65,807	67,674	65,807
Revaluation reserves		47,295	47,054	47,295	47,054
Subtotal		114,969	112,861	114,969	112,861
Unrestricted reserves					
Designated (excluding revaluation reserves)		3,290	4,306	3,290	4,306
Revaluation Reserves		14,410	14,180	14,410	14,180
General		681	1,717	681	1,717
Subtotal		18,381	20,203	18,381	20,203
<b>Total funds</b>		<b>133,350</b>	133,064	<b>133,350</b>	133,064
Endowments	16	3,106	3,092	3,106	3,092
<b>Total funds</b>		<b>136,456</b>	136,156	<b>136,456</b>	136,156

The notes on pages 48 to 79 form part of these accounts.

The financial statements on pages 44 to 47 were approved by the Trustees on:

Signed

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

15 July 2020

Signed

David Ross  
Chairperson, the National Portrait Gallery

15 July 2020

## Consolidated Statement of Cash Flows

### Cash flows for the Year Ended 31 March 2020

	<i>Notes</i>	<b>2020</b> <b>£000</b>	2019 £000
<i>Cash flows from operating activities:</i>			
Net cash provided by operating activities	18	<b>3,954</b>	2,759
<i>Cash flows from investing activities:</i>			
Dividends and interest		<b>27</b>	13
Purchase of tangible assets		<b>(1,704)</b>	(2,746)
Purchase of heritage assets		<b>(130)</b>	(414)
Proceeds from sale of investments		<b>1,000</b>	647
Purchase of investments		<b>(3,220)</b>	(74)
Net cash used in investing activities		<b>(4,027)</b>	(2,574)
Unrealised gain/(loss) from changes in foreign currency exchange rates		<b>155</b>	(82)
Change in cash and cash equivalents in the reporting period		<b>82</b>	103
Cash and cash equivalents at the beginning of the reporting period		<b>9,108</b>	9,005
Cash and cash equivalents at the end of the reporting period		<b>9,190</b>	9,108

The notes on pages 48 to 79 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 Digital, 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 or income and expenditure account for the National Portrait Gallery has not been presented.

#### 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 was due to close on 28 June 2020 as a result of the *Inspiring People* project and plans are in place to manage the cash position through closure. However, the impact of Covid-19 has had a significant detrimental impact on the National Portrait Gallery's income, expenditure and cash position, especially in relation to lost self-generated income during Gallery closure between 18 March and 28 June 2020. Given the financial difficulties that the Gallery faces, additional financial support, in the form of Grant in Aid is expected from the Department of Digital, Culture, Media and Sport. Given. 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 significant judgements and estimates made in preparing these accounts are disclosed throughout the document, and include those with respect to depreciation (note 1); the valuation of fixed assets (note 9), heritage assets (note 10), and investments (note 6); and the recognition of donations and legacies (note 3).

#### 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.

### 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.

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 and software 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 2019 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 undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value and unrealised gains or losses are disclosed in the statement of financial activities. In the years between professional valuations of land and buildings, and therefore applying to 19/20, 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.

The 2019-20 valuation has been impacted by the outbreak of Covid-19; as at the valuation date, Montagu Evans LLP considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The response at the valuation date to Covid-19 meant that they were faced with an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, Montagu Evans LLP have recommended that the NPG keep the valuation of the portfolio under frequent review. Similarly, the values of assets revalued using indices are also subject to additional estimation uncertainty as a result of the impact of Covid-19 on the market.

Assets under construction represent all costs incurred in relation to capital projects, measured at historical cost.



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.

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. 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 19 years
Fixtures, fittings and equipment	- 3 to 10 years

Depreciation on assets under construction commences when the asset is available for use.

### **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 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.

### **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 statements of financial activities.

### **Leases**

The Gallery has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Lease payments associated with these leases are charged to the statements 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](http://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 16.

## **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 2020.

## **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 14. 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. Consolidated Statement of Financial Activities

### Incorporating an income and expenditure account, for the Year Ended 31 March 2019

	Notes	INCOME AND EXPENDITURE				CAPITAL				COLLECTIONS				TOTAL			
		2018-19		2018-19		2018-19		2018-19		2018-19		2018-19		2018-19		2018-19	
		Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds	Unrestricted funds	Restricted funds
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>																	
<i>Donations and legacies</i>	3	7,381	7,381	253	253	-	253	-	-	-	-	-	-	7,634	-	-	7,634
Grant in Aid		3,074	4,539	-	-	-	-	-	-	-	-	-	-	3,074	2,173	3,164	8,411
Other donations and legacies		3,815	3,837	-	-	-	-	-	708	-	708	-	-	3,815	22	-	3,837
<i>Charitable activities</i>	4	-	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other trading activities	5	4,462	4,462	-	-	-	-	-	-	-	-	-	-	4,462	-	-	4,462
<i>Investments</i>	6	3	3	-	-	-	-	-	-	-	-	-	-	3	-	10	13
<b>Total</b>		<b>18,735</b>	<b>20,222</b>	<b>253</b>	<b>253</b>	<b>-</b>	<b>253</b>	<b>708</b>	<b>708</b>	<b>-</b>	<b>708</b>	<b>708</b>	<b>708</b>	<b>18,988</b>	<b>2,195</b>	<b>3,174</b>	<b>24,357</b>
<b>Expenditure on:</b>																	
<i>Raising funds</i>																	
Costs of raising donations and legacies	8	1,219	1,255	11	47	36	47	-	-	-	-	-	-	1,230	72	82	1,384
Fundraising trading: cost of goods sold and other costs	8	3,184	3,575	140	576	436	576	-	-	-	-	-	-	3,324	827	-	4,151
Investment management costs	8	11	11	-	-	-	-	-	35	-	35	-	-	11	35	-	46
<i>Charitable activities</i>	8	13,147	1,858	624	2,567	1,943	2,567	-	-	-	-	-	-	13,771	3,801	-	17,572
<b>Total</b>		<b>17,561</b>	<b>19,846</b>	<b>775</b>	<b>3,190</b>	<b>2,415</b>	<b>3,190</b>	<b>35</b>	<b>35</b>	<b>-</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>18,336</b>	<b>4,735</b>	<b>82</b>	<b>23,153</b>
Net gains/(losses) on investments	16	50	50	-	-	-	-	-	198	-	198	-	-	50	198	-	248
<b>Net income/(expenditure)</b>		<b>1,224</b>	<b>426</b>	<b>(522)</b>	<b>(2,937)</b>	<b>(2,415)</b>	<b>(2,937)</b>	<b>871</b>	<b>871</b>	<b>-</b>	<b>871</b>	<b>871</b>	<b>871</b>	<b>702</b>	<b>(2,342)</b>	<b>3,092</b>	<b>1,452</b>
Transfers between funds	16	(1,719)	(1,730)	(108)	2,492	2,600	2,492	(762)	(762)	-	(762)	(762)	(762)	(1,827)	1,827	-	-
<b>Other recognised gains/(losses):</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,588</b>	<b>(10,332)</b>	<b>3,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,920</b>	<b>(10,332)</b>	<b>-</b>	<b>3,588</b>
Gain/(loss) on revaluation of fixed assets	16	(495)	(1,304)	13,290	3,143	(10,147)	3,143	-	109	-	109	-	-	12,795	(10,847)	3,092	5,040
<b>Net movement in funds</b>		<b>2,631</b>	<b>7,547</b>	<b>4,777</b>	<b>81,667</b>	<b>76,890</b>	<b>81,667</b>	<b>41,902</b>	<b>41,902</b>	<b>-</b>	<b>41,902</b>	<b>41,902</b>	<b>41,902</b>	<b>7,408</b>	<b>123,708</b>	<b>-</b>	<b>131,116</b>
<b>Funds carried forward at 31 March 2019</b>		<b>2,136</b>	<b>6,243</b>	<b>18,067</b>	<b>84,810</b>	<b>66,743</b>	<b>84,810</b>	<b>42,011</b>	<b>42,011</b>	<b>-</b>	<b>42,011</b>	<b>42,011</b>	<b>42,011</b>	<b>20,203</b>	<b>112,861</b>	<b>3,092</b>	<b>136,156</b>
<b>Reconciliation of funds:</b>																	
Funds brought forward at 1 April 2017		2,568	3,791	5,427	88,541	83,114	88,541	41,264	41,264	-	41,264	41,264	41,264	7,995	125,601	-	133,596
Net movement in funds		63	3,693	(650)	(6,874)	(6,224)	(6,874)	638	638	-	638	638	638	(587)	(1,893)	-	(2,480)
<b>Funds carried forward at 31 March 2018</b>		<b>2,631</b>	<b>7,547</b>	<b>4,777</b>	<b>81,667</b>	<b>76,890</b>	<b>81,667</b>	<b>41,902</b>	<b>41,902</b>	<b>-</b>	<b>41,902</b>	<b>41,902</b>	<b>41,902</b>	<b>7,408</b>	<b>123,708</b>	<b>-</b>	<b>131,116</b>

### 3. Donations and legacies

#### National Portrait Gallery Donations and Legacies

	2020 £000	2019 £000
Grant in Aid	8,575	7,634
Grants & donations	2,937	1,567
Legacies	103	3,167
Fundraising events	171	1,017
Donations in kind	80	45
Individual giving	884	1,455
Lottery	190	784
Donated works of art	1,643	376
<b>Total</b>	<b>14,583</b>	<b>16,045</b>
<i>of which the following is taken to (see pages 44 and 53)</i>		
Income and expenditure	11,951	11,920
Capital	883	253
Collections	1,749	708
Endowments	0	3,164

Grant in aid is available for running costs, capital improvements and collection purchases. Of the total figure, £803,000 (£253,000 in 2018-19) was provided for capital purposes in 2019-20.

Included within the legacies total for 2019-20 is £80,000 received after the reporting period that meets the criteria to be recognised in the current year.

Restricted donations included in the above total amounted to £4,083,975 for 2019-20 (£2,173,000 for 2018-19).

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

#### 4. Charitable activities

##### National Portrait Gallery Charitable Activities

	2020 £000	2019 £000
Exhibitions income	3,933	3,762
Learning income	67	75
<b>Total</b>	<b>4,000</b>	<b>3,837</b>
<i>of which the following is taken to (see pages 44 and 53)</i>		
Income and expenditure	4,000	3,837
Restricted income included in the above total	21	22

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

#### 5. Other trading activities

##### National Portrait Gallery other trading activities

	2020 £000	2019 £000
Trading	4,539	4,244
Other activities for raising funds	220	218
<b>Total</b>	<b>4,759</b>	<b>4,462</b>
<i>of which the following is taken to (see pages 44 and 53)</i>		
Income and expenditure	4,759	4,462

Restricted income included in the above totals £717.

Included within the above totals for income from other trading activities for the group is £3,106,459 (£2,895,020 in 2018-19) of income generated by the National Portrait Gallery Company Limited. An additional £1,549,000 (£1,366,000 in 2018-19) of income due to the National Portrait Gallery from the National Portrait Gallery Company Limited has been eliminated on consolidation. This relates to the Gallery's publications by the Company and the management charge. Company profits of £620,065 (£782,000 in 2018-19) have been gift aided to the Gallery for 2019-20. In total, this brings the Gallery's non-consolidated trading income to £4,138,000 (£3,715,000 in 2018-19).

## 6. Investments

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

### Fixed asset investments

	<b>2020</b>	2019
	<b>£000</b>	£000
Market value at 1 April 2019	<b>6,179</b>	6,142
Investment portfolio additions	<b>3,220</b>	-
Gains on revaluation	<b>39</b>	37
Market value at 31 March 2020	<b>9,438</b>	6,179
Historical cost at 31 March 2020	<b>6,820</b>	3,620
Unrealised investment gains at 31 March 2020	<b>2,618</b>	2,559

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. Fixed asset investments consist of The Master Portfolio (TMP) and the Heinz legacy.

#### *The Master Portfolio (TMP)*

The Master Portfolio (TMP) is the predominant investment within the Portrait Fund. 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, which are predominantly listed and market-priced. The non-listed element is in the region of 2.1% of the TMP and is invested in a private property fund; given the value of the holding, any valuation risk is not perceived to be significant.

#### *Heinz legacy*

During 2019-20, the legacy of \$4m received from Drue Heinz in 2018-19 was brought under the management of Partners Capital. As the income and capital relating to it are ring-fenced it has been classified within Fixed Asset investments.

The fixed asset investments are held outside the UK (also in 2018-19). Unrealised gains and losses are included in the statement of financial activities.

### Current asset investments

	<b>2020</b>	2019
	<b>£000</b>	£000
Market value at 1 April 2019	<b>5,610</b>	6,002
Investment portfolio additions	-	74
Investment portfolio disposals	<b>(1,000)</b>	(647)
Investment management charges deducted	<b>(26)</b>	(30)
Gains/(losses) on revaluation	<b>(517)</b>	211
Market value at 31 March 2020	<b>4,067</b>	5,610
Historical cost at 31 March 2020	<b>2,986</b>	3,986
Unrealised investment gains at 31 March 2020	<b>1,081</b>	1,624

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 the Investment & Contingency Fund and the remainder of the Portrait Fund. Aside from cash, investments held include fixed income investments, credit investments, inflation-linked bonds and property investments, 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 16% of the value of current asset investments and is invested in a private property fund. The valuation of this property fund is carried out according to FCA rules.

#### Investment Portfolio

	<b>2020 Market value £000</b>	2019 Market value £000
<i>Investments in the UK</i>		
Government stocks (inflation linked gilts)	<b>843</b>	824
Real Assets (charities property fund)	<b>647</b>	800
Absolute return	-	-
<i>Investments held outside the UK</i>		
Government stocks (index-linked UK gilts and conventional UK gilts)	<b>485</b>	-
Corporate bonds	<b>916</b>	1,922
Global equities fund	-	100
Absolute return	-	367
Cash	<b>1,176</b>	1,597
<b>Total</b>	<b>4,067</b>	5,610

Unrealised gains and losses are included in the statement of financial activities.

## 7. Net income/(expenditure)

Net income/expenditure is stated after charging:

	<b>2020</b> <b>£000</b>	2019 £000
<i>Auditors' remuneration</i>		
Comptroller and Auditor General	<b>52</b>	38
Subsidiary – audit, PKF Littlejohn LLP	<b>11</b>	10
<i>Lease rentals</i>		
Land and buildings	<b>153</b>	148
Equipment	<b>17</b>	16
Depreciation	<b>3,094</b>	2,609
Loss on surrender of finance lease	-	581

The audit fee relates solely to audit services provided by the National Audit Office and PKF Littlejohn LLP.

## 8. Total expenditure

Total expenditure

	Staff costs £000	Other direct costs £000	Support costs £000	Depreciat ion £000	<b>2020</b> <b>Total</b> <b>£000</b>	2019 Total £000
<i>Raising funds</i>						
Costs of raising donations and legacies	497	228	231	46	<b>1,002</b>	1,384
Fundraising trading: cost of goods sold and other costs	1,291	1,577	1,109	559	<b>4,536</b>	4,151
Investment management costs	-	19	2	-	<b>21</b>	46
<i>Total costs of raising funds</i>	<b>1,788</b>	<b>1,824</b>	<b>1,342</b>	<b>605</b>	<b>5,559</b>	5,581
<i>Charitable activities</i>						
Extending and broadening audiences	1,557	728	805	258	<b>3,348</b>	3,070
Developing the collection	3,536	237	2,596	1,634	<b>8,003</b>	8,636
Increasing understanding and engagement	2,235	1,993	1,483	597	<b>6,308</b>	5,866
<i>Total charitable activities</i>	<b>7,328</b>	<b>2,958</b>	<b>4,884</b>	<b>2,489</b>	<b>17,659</b>	17,572
<b>Total</b>	<b>9,116</b>	<b>4,782</b>	<b>6,226</b>	<b>3,094</b>	<b>23,218</b>	23,153



## Support costs

### Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2020 Total £000	2019 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	8	40	99	35	36	13	231	296
Fundraising trading: cost of goods sold and other costs								
Other costs of raising funds	34	159	320	111	434	51	1,109	1,339
Investment management costs	-	2	-	-	-	-	2	3
<b>Total costs of raising funds</b>	<b>42</b>	<b>201</b>	<b>419</b>	<b>146</b>	<b>470</b>	<b>64</b>	<b>1,342</b>	<b>1,638</b>
<i>Charitable activities</i>								
Extending and broadening audiences	27	127	304	106	201	40	805	773
Developing the collection	44	210	865	141	1,269	67	2,596	3,391
Increasing understanding and engagement	50	235	489	171	463	75	1,483	1,566
<b>Total charitable activities</b>	<b>121</b>	<b>572</b>	<b>1,658</b>	<b>418</b>	<b>1,933</b>	<b>182</b>	<b>4,884</b>	<b>5,730</b>
<b>Total</b>	<b>163</b>	<b>773</b>	<b>2,077</b>	<b>564</b>	<b>2,403</b>	<b>226</b>	<b>6,226</b>	<b>7,368</b>
Basis of allocation	expenditure	expenditure	average FTE	FTE excluding visitor services	Square meterage	expenditure		

Support costs include an element of staff costs amounting to £3,459,000 (£2,085,000 in 2018-19).

## Staff costs

### Total Staff costs

	<b>2020</b>	2019
	<b>£000</b>	£000
Wages and salaries	<b>8,079</b>	8,403
Pension costs	<b>1,886</b>	1,470
Social Security costs	<b>693</b>	724
Redundancy costs	<b>1,435</b>	103
Total employee costs	<b>12,093</b>	10,700
Agency staff costs	<b>483</b>	105
<b>Total employee and agency staff costs</b>	<b>12,576</b>	10,805

The above includes £561,005 of staff costs relating to staff working on capital projects that were capitalised in 2019-20 (£59,000 in 2018-19). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 8 in 2019-20 (2 in 2018-19).

The Gallery's gender profile is 29.0% male and 71.0% female in 2019-20 (29.7% male and 70.3% female in 2018-19). Of the Directors within the Gallery 18% are male, and 82% are female in 2019-20 (33.3% are male, and 66.7% are female in 2018-19).

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

	<b>2020</b>	2019
	<b>No.</b>	No.
£60,000 - £69,999	<b>7</b>	5
£70,000 - £79,999	<b>3</b>	1
£80,000 - £89,999	<b>1</b>	1
£90,000 - £99,999	<b>1</b>	-
£100,000 - £109,999	<b>1</b>	1
<b>Total</b>	<b>13</b>	8

All 13 of the staff earning more than £60,000 are members of a defined benefit pension scheme (8 in 2018-19). Further information on Director's and senior managers' pay can be found in the remuneration report on page 25.

The Trustees neither received nor waived any emoluments during the year (also in 2018-19). Expenses reimbursed or paid on behalf of one Independent Committee Member for travel amounted to £211 (£292 in 2018-19 for one Independent Committee Member).

No expense was incurred on consultants during the year (also in 2018-19).

The average number of full-time equivalent (FTE) staff during the year was 239 (271 in 2018-19). Included within this total are 30 FTE staff on temporary contracts (35 in 2018-19) and 67 FTE staff on fixed-term contracts (52 in 2018-19).

### Breakdown of average FTE staff by occupational group

	2020 No.	2019 No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	10	23
Costs of fundraising trading	31	35
<i>Charitable activities</i>	162	171
<i>Other resources expended – support costs</i>	36	42
<b>Total</b>	<b>239</b>	<b>271</b>

### Breakdown of Exit Packages

Exit package cost band	Number of compulsory redundancies 2020	Number of other redundancies agreed 2020	Total number of exit packages by cost band 2020	Total number of exit packages by cost band 2019
<£10,000	-	19	19	4
£10,000 - £50,000	-	40	40	1
£50,000 - £100,000	-	5	5	1
Total number of exit packages	-	64	64	6
<b>Total cost/£000</b>	£ -	£1,435	£1,435	£138
No. of exit packages repaid	-	-	-	-
Cost of exit packages repaid/£000	-	-	-	(£35)
<b>Total resource cost/£000</b>	£ -	£1,435	£1,435	£103

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. A workforce change programme has been implemented as a result of the closure of the Gallery for the *Inspiring People* project, this has resulted in a provision of £1,435,000.

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 was 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 2019-20, employers’ contributions of £1,859,000 were payable to the PCSPS (£1,429,000 in 2018-19) 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 2019-20 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 stakeholder pension with an employer contribution. Employers' contributions of £43,000 (£38,000 in 2018-19) 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 £1,579 (£1,000 in 2018-19), 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 £4,233 (£4,000 in 2018-19) were due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

In 2019-20, £18,000 of pension contributions have been capitalised.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

## 9. Tangible assets

### Group & National Portrait Gallery Assets

	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construc tion £000	Total Tangible Assets £000
Value at 1 April 2019	35,234	40,106	20,559	3,789	-	99,688
Additions at cost	-	-	80	135	1,569	1,784
Gain on valuation	-	306	267	-	-	573
Disposals	-	-	-	(419)	-	(419)
<b>Value at 31 March 2020</b>	<b>35,234</b>	<b>40,412</b>	<b>20,906</b>	<b>3,505</b>	<b>1,569</b>	<b>101,626</b>
Depreciation at 1 April 2019	-	8,597	2,834	3,447	-	14,878
Charge for the year	-	1,737	1,158	199	-	3,094
Gain on valuation	-	66	37	-	-	103
Disposals	-	-	-	(419)	-	(419)
<b>Depreciation at 31 March 2020</b>	<b>-</b>	<b>10,400</b>	<b>4,029</b>	<b>3,227</b>	<b>-</b>	<b>17,656</b>
<b>Net book value at 31 March 2020</b>	<b>35,234</b>	<b>30,012</b>	<b>16,877</b>	<b>278</b>	<b>1,569</b>	<b>83,970</b>
Net book value at 31 March 2019	35,234	31,509	17,725	342	-	84,810

  

	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construc tion £000	Total Tangible Assets £000
Value at 1 April 2018	23,500	60,322	6,627	3,676	-	94,125
Additions at cost	1,400	1,200	12	134	-	2,746
Gain/(Loss) on valuation	10,334	(20,566)	13,920	-	-	3,688
Disposals	-	(850)	-	(21)	-	(871)
<b>Value at 31 March 2019</b>	<b>35,234</b>	<b>40,106</b>	<b>20,559</b>	<b>3,789</b>	<b>-</b>	<b>99,688</b>
Depreciation at 1 April 2018	-	6,933	2,259	3,267	-	12,459
Charge for the year	-	1,833	575	201	-	2,609
Gain/(Loss) on valuation	-	100	-	-	-	100
Disposals	-	(269)	-	(21)	-	(290)
<b>Depreciation at 31 March 2019</b>	<b>-</b>	<b>8,597</b>	<b>2,834</b>	<b>3,447</b>	<b>-</b>	<b>14,878</b>
<b>Net book value at 31 March 2019</b>	<b>35,234</b>	<b>31,509</b>	<b>17,725</b>	<b>342</b>	<b>-</b>	<b>84,810</b>
Net book value at 31 March 2018	23,500	53,389	4,368	409	-	81,666

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 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.

A full revaluation of the Trustees' property holdings was undertaken at 31 March 2019 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 annual desktop valuation of the land was undertaken by Montagu Evans LLP, reviewing land price indices alongside a review of comparable land transactions to determine any movement in the geographical location of the Gallery's assets. The valuation has been impacted by the outbreak of Covid-19; as at the valuation date, Montagu Evans LLP considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The response at the valuation date to Covid-19 meant that they were faced with an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, Montagu Evans LLP have recommended that the NPG keep the valuation of the portfolio under frequent review.

At 31 March 2020, buildings, plant and machinery have been revalued using indices. The value of these assets is subject to additional estimation uncertainty in line with that attached to the desktop land valuation as a result of Covid-19. Appropriate Building Cost Information Service (BCIS) indices are used to adjust the carrying values of buildings, whilst Office for National Statistics indices are used to adjust the carrying values of plant and machinery.

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 £1.6m represent all costs incurred in relation to the capital element of the *Inspiring People* project, which is now in the delivery stage. During 2019-20, costs capitalised include professional fees and staff costs for those staff directly involved in the project. Costs relating to the Activity Plan element of the project have not been capitalised. No borrowing costs have yet been incurred in relation to the project. The project is expected to be completed in 2023.

## 10. Heritage assets

### Collection Cost and Valuation

	Value at 1 April 2019 £000	Additions £000	Value at 31 March 2020 £000
<i>Cost</i>			
Primary Collection	22,785	106	<b>22,891</b>
Reference Collection	66	1	<b>67</b>
Photographs Collection	705	23	<b>728</b>
<i>Valuation</i>			
Primary Collection	5,411	1,483	<b>6,894</b>
Reference Collection	3,061	-	<b>3,061</b>
Photographs Collection	665	160	<b>825</b>
<b>Total</b>	<b>32,693</b>	<b>1,773</b>	<b>34,466</b>

In the year 2019-20, 146 works (301 in 2018-19) were added to the Collection of which 37 were included at cost price (86 in 2018-19) and 109 (including 10 part-purchased works) have been valued (215 in 2018-19). There were no disposals of heritage assets in the period.

### Five-year financial summary of heritage asset transactions

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	<b>2019-20 £000</b>
<i>Cost</i>					
Purchased assets	275	1,881	64	398	<b>130</b>
<i>Valuation</i>					
Donated assets	4,162	486	333	376	<b>1,643</b>
<b>Total additions</b>	<b>4,437</b>	<b>2,367</b>	<b>397</b>	<b>774</b>	<b>1,773</b>

### **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 and long loans. 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](http://www.npg.org.uk)) and in Gallery and other publications.

### **Primary Collection**

The Primary Collection of paintings, sculpture, miniatures, drawings, prints, photographs, silhouettes and mixed/new media works contains some 12,685 portraits of the most famous people in British history. Of these, 4,122 are paintings, sculptures and miniatures, approaching 60% of which are regularly displayed at the National Portrait Gallery or elsewhere. In addition, there are some 8,540 works on paper, shown on a rotating basis of about 180 items a year.

### **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 2,774 drawings, 77 paintings, 171 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 5. More information is available on the National Portrait Gallery's website, [www.npg.org.uk](http://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.

### **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 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. 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.

## 11. Stock

### Stock

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Goods for resale	440	667	334	375
Work in progress	24	7	24	7
<b>Total</b>	<b>464</b>	<b>674</b>	<b>358</b>	<b>382</b>

## 12. Debtors

### Debtors

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade debtors	534	833	399	576
Provision for bad debts	(101)	(26)	(69)	(10)
<b>Subtotal</b>	<b>433</b>	<b>807</b>	<b>330</b>	<b>566</b>
Amounts due from group companies	-	-	1,337	1,093
Other debtors	52	138	16	108
Prepayments	58	67	58	67
Accrued income	1,554	1,165	1,554	1,128
VAT recoverable	63	208	63	208
<b>Total</b>	<b>2,160</b>	<b>2,385</b>	<b>3,358</b>	<b>3,170</b>

## 13. Cash and liquid resources

### Cash and liquid resources

Held at/in:	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Interest-bearing accounts	3,725	4,517	2,494	3,862
Cash and non-interest-bearing accounts	5,465	4,591	5,454	4,580
<b>Total</b>	<b>9,190</b>	<b>9,108</b>	<b>7,948</b>	<b>8,442</b>

### Income from UK bank deposits

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Income from UK bank deposits	27	13	25	13
<b>Total</b>	<b>27</b>	<b>13</b>	<b>25</b>	<b>13</b>

## 14. Creditors

### Creditors, amounts falling due within one year

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade creditors	677	764	651	736
Other creditors	1,115	64	1,077	56
Taxation and social security	49	381	49	381
Accruals	1,227	573	1,173	539
Deferred income	642	933	610	830
<b>Total</b>	<b>3,710</b>	<b>2,715</b>	<b>3,560</b>	<b>2,542</b>

### Creditors, amounts falling due after more than one year

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Other creditors	2,570	2,580	2,570	2,580
<b>Total</b>	<b>2,570</b>	<b>2,580</b>	<b>2,570</b>	<b>2,580</b>

Creditors falling due after more than one year comprise the Voted Loan. The loan was provided by DCMS in March 2018 to fund the purchase of the East Wing freehold from the National Gallery. The loan is subject to 1.63% interest per annum and will be paid off in full in 2037/38.

### Deferred income

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Deferred income brought forward	933	1,146	830	1,091
Released in year	(933)	(1,146)	(830)	(1,091)
Deferred in year	642	933	610	830
Deferred income carried forward	642	933	610	830

Deferred income released during the year related to sponsorship, exhibitions income and events where the underlying activities were completed during the year; as well as a portion of membership income. Income deferred in the year includes income for future exhibitions, sponsorship and events.

### Provisions

	Group		National Portrait Gallery	
	2020 £000	2019 £000	2020 £000	2019 £000
Provisions brought forward	8	8	8	8
Released in year	(8)	(8)	(8)	(8)
Charged in year	1,019	8	1,019	8
Provisions carried forward	1,019	8	1,019	8

Provisions predominantly comprise amounts relating to redundancy payments which will be made during the following year as part of the Workforce Change programme.

## 15. Leases

At 31 March 2020, the National Portrait Gallery had annual commitments under non-cancellable leases as follows:

### Leases for the Group

	Land and buildings £000	Other £000	2020 £000	2019 £000
<i>Leases expiring within</i>				
One year	152	12	<b>164</b>	153
Two to five years	-	14	<b>14</b>	165
More than five years	-	-	-	-
<b>Total</b>	152	26	<b>178</b>	318

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

## 16. Statement of funds

### Statement of funds for the Group

2019-20	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Gains on revaluation £000	Gain on investment £000	Closing Funds £000
<b>Unrestricted</b>							
<i>Designated</i>							
Plant & Machinery, Fixtures & Fittings	3,887	-	215	(1,357)	-	-	<b>2,745</b>
Plant & Machinery revaluation reserve	14,180	-	-	-	230	-	<b>14,410</b>
<i>Inspiring People Fund</i>	419	-	119	7	-	-	<b>545</b>
<b>Subtotal</b>	<b>18,486</b>	<b>-</b>	<b>334</b>	<b>(1,350)</b>	<b>230</b>	<b>-</b>	<b>17,700</b>
<i>Unrestricted funds</i>	1,717	(470)	18,908	(19,482)	-	8	<b>681</b>
<b>Total unrestricted funds</b>	<b>20,203</b>	<b>(470)</b>	<b>19,242</b>	<b>(20,832)</b>	<b>230</b>	<b>8</b>	<b>18,381</b>
<b>Restricted</b>							
Asset Under Construction	-	1,569	-	-	-	-	<b>1,569</b>
Land & Buildings	19,689	-	-	(1,738)	-	-	<b>17,951</b>
Land & Buildings revaluation reserve	47,054	-	-	-	241	-	<b>47,295</b>
Heritage Assets	32,693	130	1,643	-	-	-	<b>34,466</b>
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	9,162	-	10	(14)	-	(334)	<b>8,824</b>
Dame Helen Gardiner Fund	9	-	-	-	-	-	<b>9</b>
Grants & Donations Fund for Acquisitions	147	(124)	96	(32)	-	-	<b>87</b>
Grants & Donations Fund for <i>Inspiring People</i>	3,548	(1,101)	2,103	(62)	-	-	<b>4,488</b>
Grants & Donations Fund for other activities	559	(4)	254	(529)	-	-	<b>280</b>
<b>Total restricted income funds</b>	<b>112,861</b>	<b>470</b>	<b>4,106</b>	<b>(2,375)</b>	<b>241</b>	<b>(334)</b>	<b>114,969</b>
<b>Endowments</b>							
Heinz Archive Fund	1,546	-	88	(11)	-	(38)	<b>1,585</b>
Heinz Acquisitions Fund	1,546	-	88	-	-	(113)	<b>1,521</b>
<b>Total endowment funds</b>	<b>3,092</b>	<b>-</b>	<b>176</b>	<b>(11)</b>	<b>-</b>	<b>(151)</b>	<b>3,106</b>
<b>Total funds</b>	<b>136,156</b>	<b>-</b>	<b>23,524</b>	<b>(23,218)</b>	<b>471</b>	<b>(477)</b>	<b>136,456</b>

Statement of funds for the Group 2018/19

<i>2018-19</i>	Restated Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Gains on revaluation £000	Gain on investment £000	<b>Closing funds £000</b>
<b>Unrestricted</b>							
<i>Designated</i>							
Plant & Machinery, Fixtures & Fittings	4,517	-	146	(776)	-	-	<b>3,887</b>
Plant & Machinery revaluation reserve	260	-	-	-	13,920	-	<b>14,180</b>
<i>Inspiring People</i> Fund	-	-	597	(178)	-	-	<b>419</b>
Investment & Contingency Fund	2,077	(2,077)	-	-	-	-	-
Deferred Projects Fund	254	(254)	-	-	-	-	-
<b>Subtotal</b>	<b>7,108</b>	<b>(2,331)</b>	<b>743</b>	<b>(954)</b>	<b>13,920</b>	<b>-</b>	<b>18,486</b>
<i>Unrestricted funds</i>	300	504	18,245	(17,382)	-	50	<b>1,717</b>
<b>Total unrestricted funds</b>	<b>7,408</b>	<b>(1,827)</b>	<b>18,988</b>	<b>(18,336)</b>	<b>13,920</b>	<b>50</b>	<b>20,203</b>
<b>Restricted</b>							
Land & Buildings	19,504	2,600		(2,415)	-	-	<b>19,689</b>
Land & Buildings revaluation reserve	57,386	-	-	-	(10,332)	-	<b>47,054</b>
Heritage Assets	31,919	398	376	-	-	-	<b>32,693</b>
<i>Restricted reserves for the purchase of heritage assets:</i>							-
Portrait Fund	9,708	(800)	91	(35)	-	198	<b>9,162</b>
Dame Helen Gardiner Fund	8	-	1	-	-	-	<b>9</b>
Grants & Donations Fund for Acquisitions	267	(360)	240	-	-	-	<b>147</b>
Grants & Donations Fund for <i>Inspiring People</i>	4,673	-	1,042	(2,167)	-	-	<b>3,548</b>
Grants & Donations Fund for other activities	243	(11)	445	(118)	-	-	<b>559</b>
<b>Total restricted income funds</b>	<b>123,708</b>	<b>1,827</b>	<b>2,195</b>	<b>(4,735)</b>	<b>(10,332)</b>	<b>198</b>	<b>112,861</b>
<b>Endowments</b>							
Heinz Archive Fund	-	-	1,587	(41)	-	-	<b>1,546</b>
Heinz Acquisitions Fund	-	-	1,587	(41)	-	-	<b>1,546</b>
<b>Total endowment funds</b>	<b>-</b>	<b>-</b>	<b>3,174</b>	<b>(82)</b>	<b>-</b>	<b>-</b>	<b>3,092</b>
<b>Total funds</b>	<b>131,116</b>	<b>-</b>	<b>24,357</b>	<b>(23,153)</b>	<b>3,588</b>	<b>248</b>	<b>136,156</b>

## Fair value reserve (investments) – movements

	As at 1 April 2019 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2020 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<i>Restricted</i> Portrait Fund	2,926	(334)	-	2,592	6,232	8,824
<i>Unrestricted</i> General	1,305	8	-	1,313	(632)	681
<i>Total</i>	4,231	<b>(326)</b>	-	<b>3,905</b>	<b>5,600</b>	<b>9,505</b>

The accounts comprise a number of individual funds that divide into distinct categories, which are defined below.

### 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 Investment & Contingency fund* (represented the designation reserves to be invested in future projects).
- *The Deferred Projects fund* (represented underspends generated in the year which were to be employed in projects in the next year).
- *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 the Dame Helen Gardner's bequest restricted to purchasing literacy 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.

## 17. Analysis of net assets between funds

### Funds balances at 31 March 2020 for the Group

	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowme nt funds £000	<b>Total 2020 £000</b>	Total 2019 £000
Tangible assets	17,155	-	66,815	-	<b>83,970</b>	84,810
Heritage assets	-	-	34,466	-	<b>34,466</b>	32,693
Fixed Investments	-	-	6,332	3,106	<b>9,438</b>	6,179
Net current assets	545	3,251	7,356	-	<b>11,152</b>	15,054
Long term creditors	-	(2,570)	-	-	<b>(2,570)</b>	(2,580)
<b>Total net assets</b>	<b>17,700</b>	<b>681</b>	<b>114,969</b>	<b>3,106</b>	<b>136,456</b>	136,156



## 18. Cash flow information

### Reconciliation of net income to net cash inflow from operating activities

	2020 £000	2019 £000
Net (expenditure)/income for the reporting period	(171)	1,452
Adjustments for:		
Depreciation charges	3,094	2,609
(Profit)/loss on disposal of property, plant and equipment	-	581
Dividends and interest	(27)	(13)
Unrealised (gain)/loss from changes in foreign currency exchange rates	(155)	82
(Gain)/loss on investments	477	(248)
Investment management fees	26	30
Donations of works of art	(1,643)	(376)
Donated tangible assets	(80)	-
Decrease/(increase) in stocks	210	(72)
Decrease/(increase) in debtors	226	(560)
(Decrease) /increase in creditors	1,277	(513)
(Decrease) /increase in provisions	1,011	-
Increase /(decrease) in deferred income	(291)	(213)
<b>Net cash inflow from operating activities</b>	<b>3,954</b>	<b>2,759</b>

### Analysis of cash and cash equivalents

	2020 £000	2019 £000
Balances held with commercial banks	9,142	9,077
Cash in hand	48	31
<b>Cash balance at end of year</b>	<b>9,190</b>	<b>9,108</b>

### Analysis of changes in net debt

	At 1 Apr 2019 £000	Cash flows	Foreign exchange movements	At 31 Mar 2020 £000
Cash	9,108	(73)	155	9,190
Cash equivalents	-	-	-	-
<b>Total</b>	<b>9,108</b>	<b>(73)</b>	<b>155</b>	<b>9,190</b>
Loans falling due within 1 year	52	-	-	52
Loans falling due after more than 1 year	2,580	(10)	-	2,570
<b>Total</b>	<b>2,632</b>	<b>(10)</b>	<b>-</b>	<b>2,622</b>

## 19. Capital commitments

### Capital Financial commitments

	<b>2020</b>	2019
	<b>£000</b>	£000
Capital expenditure contracted for, but not provided in the accounts	<b>2,246</b>	67
Acquisition of works of art contracted for, but not provided in the accounts	<b>337</b>	302
Total	<b>2,583</b>	369

### Capital Opening and Closing Financial commitments

	<b>Capital expenditure</b>	<b>Works of art</b>
	<b>£000</b>	<b>£000</b>
Opening commitments at 31 March 2019	67	302
Less paid for during the year	0	(95)
Less commitments written out	(67)	(55)
Additional commitments	2,246	185
Closing commitments at 31 March 2020	<b>2,246</b>	<b>337</b>

### Prior year comparative

	<b>Capital expenditure</b>	<b>Works of art</b>
	<b>£000</b>	<b>£000</b>
Opening commitments at 31 March 2018	2,600	363
Less paid for during the year	(2,600)	(331)
Less commitments written out	-	(12)
Additional commitments	67	282
Closing commitments at 31 March 2019	<b>67</b>	<b>302</b>

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 predominantly to the building works that form part of the *Inspiring People* project. The majority of payments against these commitments, funded by donations and grants pledged to the project, are expected to take place within the following year.

## 20. 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 (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

	<b>2020</b>	2019
	<b>£000</b>	£000
Fixed assets	-	-
Current assets	<b>1,486</b>	1,266
Current liabilities	<b>(1,486)</b>	(1,266)
Long-term liabilities	-	-
<b>Net assets</b>	-	-
Capital and reserves	-	-
<b>Total</b>	-	-

Current assets include stock (goods for resale) of £106,268 (£292,651 in 2018-19).

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

	<b>2020</b>	2019
	<b>£000</b>	£000
Turnover	<b>3,107</b>	2,895
Cost of sales	<b>(1,127)</b>	(887)
Gross profit	<b>1,980</b>	2,008
Other income	-	-
Administrative expenses	<b>(1,362)</b>	(1,226)
Trading profit	<b>618</b>	782
Interest receivable	<b>2</b>	-
<b>Net contribution</b>	<b>620</b>	782

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

## 21. Related party transactions

The National Portrait Gallery is a Non-Departmental Public Body whose sponsoring body is the Department for Digital, Culture, Media and Sport. The Department for Digital, 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 Heritage Lottery Fund, the National Gallery, Tate, the Victoria & Albert Museum and the National Heritage Memorial Fund.

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 31 March 2020	Expenditure for the year ended 31 March 2020	Debtor balance as at 31 March 2020	Creditor balance as at 31 March 2020
Björn Savén	Björn Savén is a Trustee of the NPG and a founder of IK Investment Partners Ltd	During the year IK Investment Partners Ltd paid the NPG for venue hire, for a reception	£9,725	£0	£0	£0
David Ross, Dr Andrew Roberts, Professor Shearer West	David Ross, Dr Andrew Roberts and Professor Shearer West are Trustees of the NPG	Donation to the NPG Fundraising Dinner	£9,150	£0	£0	£0
Dr Andrew Roberts, Professor Shearer West	Dr Andrew Roberts and Professor Shearer West are Trustees of the NPG	Donation to Inspiring People	£3,500	£0	£0	£0
Jonathan Yeo	Jonathan Yeo is a Trustee of the NPG and a Director of Intergold Design Limited	During the year the NPG purchased a portrait by Jonathan Yeo from Intergold Design Limited	£0	£870	£0	£0
Neil Spence	Neil Spence is an independent member of the Audit & Risk Committee and Finance Committee	Re-imbusement of travel expenses	£0	£211	£0	£0

Jeremy Sillem, an independent member of the Investment Committee, is a director and shareholder with Partners Capital LLP. Partners Capital LLP are the Gallery's investment advisors with £13.5m of the Gallery's reserves under management.

## **22. 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 charity 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 £433,000 representing trade debtors (£807,000 in 2018-19), however the risk is not considered significant as major customers are known to the National Portrait Gallery. In 2019-20, a judgement was made to increase the bad debt provision as a proportion of the debtor balance in order to reflect a perceived increase in credit risk due to Covid-19.

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 13.

### **Liquidity risk**

The National Portrait Gallery manages liquidity risk through its reserves policy. The National Portrait Gallery does not make use of borrowing facilities. 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 income represents less than 1% of the total incoming resources for the National Portrait Gallery (less than 1% in 2018-19). 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.

## **23. Post balance sheet events**

The annual report and accounts were approved by the Accounting Officer and Trustees on 15 July 2020 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

On 7 May 2020 the Gallery received a legacy payment of £80,000. As the payment had been agreed by the executors prior to the end of the reporting period, this is considered an adjusting event and as such is reflected in the accounts.





CCS0320332210  
978-1-5286-1893-9