

Royal Botanic Gardens, Kew

# Annual Report and Accounts

for the year ended 31 March 2017





## **Royal Botanic Gardens, Kew**

Annual Report and Accounts for the year ended 31 March 2017

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## Foreword

2016/17 has proved to be a positive year for Royal Botanic Gardens, Kew (RBG Kew).

We published the first ever *State of the World's Plants* report, highlighting the global status of plants. The associated symposium brought together leading scientists and policy makers at Kew Gardens and demonstrated significant progress towards achieving the strategic outputs set out in our Science Strategy. The Science Festival held in the summer was another first for RBG Kew. It brought science into the Gardens and proved highly popular – particularly with young people. We also successfully completed the first year of the RBG Kew/Queen Mary University London MSc course, as well as launching RBG Kew's authoritative web portal on plant species, Plants of the World Online.

Visitation figures have been strong. At Kew Gardens, we exceeded the record from 2005/06 for the number of day-paying visits. At Wakehurst we topped 300,000 total visits for the year. Across both gardens, the increased visitation represents over 20% growth on the previous year with almost 30% growth in young visitors, who we hope will become lifelong supporters. Additionally, we have seen a 30% increase in visits to our commercial events compared to last year, with Christmas at Kew and Glow Wild at Wakehurst achieving record numbers of ticket sales and generating revenue growth.

Income has mirrored strong visitation: in 2016/17 we returned an operating surplus of £2.8m. This will provide a much-needed boost to our modest reserves and contribute to some of the commitments on our much-needed capital development programme.

In adding three major attractions in 2016/17, we demonstrated our desire to improve and innovate. The Great Broad Walk Borders at Kew Gardens are, we believe, the longest double herbaceous borders in the world and represent a significant investment in horticulture. The Hive installation, also at Kew Gardens, opened in June 2016 and is an award-winning structural representation of a beehive. It has drawn significant media interest. Continuing the theme of pollination, the Coronation Meadow at Wakehurst, was created as part of the celebration of the 60<sup>th</sup> anniversary of the Queen's coronation.

In July 2016, HRH the Prince of Wales became our Patron. His Royal Highness shares our passion for our natural heritage and his patronage will help us continue to inspire and educate people around the world about the importance of plants and fungi in helping to solve some of the most critical challenges facing humanity.

We have made changes within the senior team, which includes creating a new post of Chief Information Officer. We also reviewed the relationship between RBG Kew and the Kew Foundation, the independent charity which raises funds for the purposes of RBG Kew.

The goal was greater alignment of the Foundation and RBG Kew, greater accountability, and to ensure a shared vision for both that underpins and supports our core purpose. As a result, a decision was taken in March 2017 to integrate the fundraising activity of the Foundation into RBG Kew and to retain a slimmed-down Foundation. Implementation of the new arrangements will be taken forward in 2017/18.

Governance has been a key theme this year. We have reviewed our internal governance arrangements, set up governance structures for our capital development programme, expanded Board effectiveness reviews and introduced organisational policies covering third party engagement and anti-slavery. We also made progress in developing a Framework Document which articulates our relationship with Defra, our sponsor Department. We hope to publish it next year.

Two of our Trustees, Jennifer Ullman and Nicola Spence, retired at the end of 2016. We would like to thank them for their great commitment to RBG Kew, for their wise counsel and for their invaluable contributions to our Board deliberations. We should like to welcome Sarah Flannigan who brings valuable experience of transformational change to the Board.

We should like to close by extending our sincere thanks to staff, Trustees, volunteers and supporters. Our success in 2016/17 has been rooted in the hard work and commitment of many; for this we are hugely grateful.



**Marcus Agius**  
Chairman, Board of Trustees



**Richard Deverell**  
Director (CEO)

# Management commentary

## Unlocking why plants and fungi matter

Our mission is *'to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend'*.

We are committed to achieving the following strategic objectives:

- our collections are curated to excellent standards and are widely used for the benefit of humankind;
- our **science** makes a demonstrable contribution to solving critical challenges facing humanity today;
- we are the world's leading **botanic gardens** where our large and diverse audiences develop their understanding of why plants and fungi matter;
- we are valued as the pre-eminent provider of **public education** on plant and fungal science, conservation and horticulture; and
- to be a **sustainable and dynamic organisation**, making positive global impacts in partnership with others.

## Highlights and challenges

The following is a summary of the key highlights and challenges over the past 12 months:

- This year was the first year of a positive four year funding settlement from Defra, which includes an element of Overseas Development Assistance in recognition of the international work we do, as well as a transformational capital funding package. The certainty of funding over this period has enabled RBG Kew to plan for the longer term and make investments that will enhance our ability to grow self-generated income in the future.
- Our strategy *'Unlocking why plants and fungi matter'* was launched on 1<sup>st</sup> April 2016. The strategy sets out our vision for how a better understanding of plants and fungi will contribute to solving some of the most critical challenges facing humanity. To support implementation of the strategy a revised planning and reporting framework was introduced bringing together the key deliverables that will enable us to achieve our mission. [A link to the RBG Kew Corporate Strategy can be found here.<sup>1</sup>](#)
- Developing the visitor offer and broadening the appeal of the Gardens to a wider audience are key elements of our corporate strategy and this year we have witnessed record visitor numbers following the installation of the Hive and the opening of the Great Broad Walk Borders. Day-paying and commercial visitor numbers in 2016/17 broke previously recorded levels and have provided a much welcome boost to our self-generated income.
- 2016/17 saw delivery of some significant milestones towards achievement of our science strategy. These included our first ever science festival, first State of the

World's Plants report and symposium, completion of the first year of the RBG Kew/Queen Mary University London MSc course and the launch of Plants of the World Online portal. These are all significant achievements that demonstrate the depth and value of our science.

- The review of the relationship between RBG Kew and Kew Foundation provided an opportunity to consider how to bring about more effective working arrangements for these two separate organisations. In March 2017 integration of Foundation fundraising activity into RBG Kew was agreed, and work is ongoing to embed the resulting organisational changes which will be completed in 2017/18.
- During 2016/17 we formally initiated the capital development programme. The planning and delivery of works to the built estate at Kew Gardens and Wakehurst are estimated to cost c.£150m over the lifetime of the programme. It is likely to be one of the largest developments undertaken by RBG Kew in its history. When completed, the estate will provide significantly improved facilities for visitors and support our ambition to be the world's leading botanic garden.
- Securing legislative authority to grant long-term leases and thereby commercially develop parts of the estate is considered one of the most significant opportunities to secure financial independence for RBG Kew. It was therefore disappointing that the Kew Leases Bill failed to progress at its third and final Commons debate on 24 March 2017. Alternative options are being explored with Defra Ministers.
- During the year we also refreshed RBG Kew's internal governance framework which proved to be a substantial but necessary piece of work. This addresses changes resulting from the RBG Kew / Foundation review as well as updating current practice. Work to embed the new arrangements will be taken forward in 2017/18.

## Plans for future periods

For 2017/18 through to 2019/2020 the Executive Board's priorities are to deliver on the ambition set out in the corporate strategy and action the three year operational plan through the following eight initiatives:

- Delivering the science strategy and curating the collections;
- Maximising the potential of the gardens;
- Growing commercial income;
- Creating outstanding learning and outreach propositions;
- Engaging the public and stakeholders in our importance and impact;
- Growing philanthropic support and Friends' income;
- Achieving success through our people; and
- Improving the built and technological infrastructure.

<sup>1</sup> [www.kew.org/strategy](http://www.kew.org/strategy)

## Performance measures and outcomes

Performance against our key measures was significantly better than in 2015/16. To keep track of our strategy delivery, new performance measures were introduced in 2016/17. The table below shows outturn against target for each measure; an explanatory note is provided overleaf.

| Number | Performance measure                                                                                                                                                    | Baseline 2015/16     | Target 2016/17   | Outturn 2016/17     | % change in target vs baseline | % outturn vs target   |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|---------------------|--------------------------------|-----------------------|
| 1      | Number of new plant, fungal and seed accessions to the science collections                                                                                             | 38,900               | 40,456           | 38,323              | 4%                             | 95%                   |
| 2      | Number of visits to RBG Kew digital collections database resources                                                                                                     | 3.8m                 | 4m               | 3.9m                | 5%                             | 98%                   |
| 3      | Total number of scientific publications                                                                                                                                | 348                  | 360              | 372                 | 3%                             | 103%                  |
| 4      | Number of citations to publications by RBG Kew scientific staff                                                                                                        | 16,618               | 17,500           | 26,856              | 5%                             | 153%                  |
| 5      | Number of IUCN† threatened species in:<br>(i) Living collections<br>(ii) Seed bank collections                                                                         | see note 5 overleaf  |                  | (i) 833<br>(ii) 613 | n/a                            | n/a                   |
| 6      | Science research supported by external income sources                                                                                                                  | £10m                 | £10m             | £9.7m               | 0%                             | 97%                   |
| 7      | Positive brand perception score                                                                                                                                        | see note 7 overleaf  |                  |                     |                                |                       |
| 8      | Total visits to Kew Gardens and Wakehurst                                                                                                                              | 1,830,595            | 1,918,000        | 2,124,138           | 5%                             | 111%                  |
| 9      | Total number of Friends of Kew Gardens and Wakehurst                                                                                                                   | 91,701               | 97,017           | 96,814              | 6%                             | 99%                   |
| 10     | Percentage of day-time visitors who feel they have learnt something as a result of their visit                                                                         | 79%                  | 82%              | 82%                 | 4%                             | 100%                  |
| 11     | Number of school pupil visits to Kew Gardens and Wakehurst                                                                                                             | 86,100               | 90,900           | 99,861              | 6%                             | 110%                  |
| 12     | Number of apprentices, diploma and masters students who move onto further education and employment in a relevant discipline:<br>(i) Horticulture<br>(ii) Science (Msc) | (i) 11<br>(ii) n/a   | (i) 14<br>(ii) 6 | (i) 17<br>(ii) 6    | (i) 27%<br>(ii) -              | (i) 121%<br>(ii) 100% |
| 13     | Self-generated income                                                                                                                                                  | £22.0m               | £23.4m           | £24.8m              | 6%                             | 106%                  |
| 14     | Foundation income                                                                                                                                                      | £7.8m                | £9.8m            | £9.7m               | 26%                            | 99%                   |
| 15     | Staff engagement index score                                                                                                                                           | 63%                  | 69%              | 70%                 | 10%                            | 101%                  |
| 16     | Quality of the built estate                                                                                                                                            | see note 16 overleaf |                  |                     |                                |                       |
| 17     | Greenhouse gas emissions (reduction in tonnes CO <sub>2</sub> )                                                                                                        | 7,660                | 7,075            | 6,722               | 8%                             | 105%                  |

† International Union for Conservation of Nature

n/a = not applicable



## Note on performance

### 1. Number of new plant, fungal and seed accessions to the science collections

This measure was introduced to record the number of new specimens added to the plant, fungal and seed collections. During 2016/17 38,323 new accessions were recorded, just short of our target of 40,456.

### 2. Number of visits to RBG Kew digital collections database resources

This measure records the level of usage of RBG Kew's digital resources. Over 3.9m visits to the digital collections were made during 2016/17, again just short of our target of 4m.

### 3. Total number of scientific publications

The overall number of scientific publications during 2016/17 was 372, exceeding our target of 360.

### 4. Number of citations to publications by RBG Kew scientific staff

This measure records the number of instances RBG Kew publications have been cited. During 2016/17 there were 26,856 citations of Kew scientific publications, a 53% increase on our target for the year. This reflects the positive impact of our scientific publications.

### 5. Number of IUCN threatened species in the collections

2016/17 was our baseline year for this measure which shows the representation of species on the IUCN global red list<sup>2</sup>. At the end of March there were 833 in the living collections and 613 in the seed bank collections.

### 6. Science research supported by external income sources

The target for 2016/17 was set at £10m in line with outturn last year. The total amount of income available to support research projects was £9.7m.

### 7. Positive brand perception score

This indicator measures the perception of the Kew brand. A baseline brand alignment survey will be undertaken in 2017/18 to enable an appropriate target to be set.

### 8. Total visits to Kew Gardens and Wakehurst

This measure records the overall number of admissions to both sites. The outturn for the baseline year 2015/16 has been re-stated to align with reporting to the Association of Leading Visitor Attractions. The target set for 2016/17 was 1,918,000 and the total number of visits achieved was 2,124,138, an increase of 16% on last year and the highest recorded number in recent years.

### 9. Total number of Friends of Kew Gardens and Wakehurst

The target for Friends of Kew Gardens and Wakehurst was set at 97,017. The total number of Friends at the end of the year was 96,814 including 30,427 new members.

### 10. Percentage of day-time visitors who feel they have learnt something as a result of their visit

This indicator is intended to demonstrate the benefit gained by visitors in terms of greater understanding of the importance of plants. For the 12 months to end March 2017 82% of visitors surveyed at Kew Gardens agreed that they or their children had learnt something as a result of their visit. During 2017/18 a new survey will refine this question and be extended to cover Wakehurst.

### 11. Number of school pupil visits to Kew Gardens and Wakehurst

The number of school children visiting Kew Gardens and Wakehurst has been steadily increasing in recent years and 2016/17 saw the number reach almost 100,000 against a target of 90,900, an increase of 10% on last year.

### 12. Number of apprentices, diploma and masters students who move onto further education and employment in a relevant discipline

This measure aims to show the effectiveness of RBG Kew's professional training programmes. In 2016/17 17 of our 18 (94%) Horticulture apprentices and diploma students moved onto further education or employment in a relevant discipline. Six of our 8 (75%) science masters students did likewise.

### 13. Self-generated income

This measure tracks the income generated from trading activities including admissions and commercial enterprises. The increased visitor numbers helped to exceed what was an ambitious target with total self-generated income for the year of £24.8m.

### 14. Foundation income

This measure records the amount of restricted and unrestricted funding received by RBG Kew from fundraising activities. A target of £9.8m was set and a total of £9.7m was drawn down during the year.

### 15. Staff engagement index score

The staff engagement score is calculated using a set of questions based on those asked in the people survey. The overall index score of 70% exceeded our target for the year and was significantly higher than 2015/16 demonstrating that the majority of staff continue to have a strong personal attachment to RBG Kew.

### 16. Quality of the built estate

This indicator is intended to measure the improvements in the built estate arising from the critical and major works to be delivered under the capital development programme. A methodology will be finalised for this measure in 2017/18 and a target set once a baseline has been established.

### 17. Greenhouse gas emissions

In 2016/17 a new target was introduced requiring government bodies to reduce greenhouse gas emissions by 32% by March 2020. As at 31 March 2017 overall CO<sub>2</sub> emissions totalled 6,722 tonnes, a reduction of almost 1000 tonnes (12%) compared to last year which means that we are on course to achieve the 2020 target.

<sup>2</sup> Tracked against the following categories:

Extinct in the Wild, Endangered, Critically Endangered & Vulnerable  
RBG Kew Gardens Annual Report Accounts 2016/17

## Customer care statement

We operate in a competitive market place for visitors and we are acutely tuned to the needs of our existing and potential future customers.

As public servants, we have a duty to serve the public well, and as a leading visitor attraction with two important sites at Kew Gardens and Wakehurst, we must also meet the need of an increasingly demanding leisure market.

We track customer feedback through:

- a customer comment form which is available at all gates and at the visitor information desk; a specific catering feedback form is available in the catering outlets;
- a survey form which is part of the map given to every visitor;
- our information email address which invites comments or via our website through comments or posts;
- an external market research company which tracks key aspects of our visitor experience every six months; and
- participating in an annual benchmarking survey where aspects of our service are tracked against other competitors.

The latest independent market research key performance measures showed that, when benchmarked against other attractions, 90% of people surveyed rated their experience excellent or good value for money. This is an increase of 8% on 2015/16. 96% of people also rated their experience as excellent or good for enjoyment overall and 99% said that they were likely to recommend Kew Gardens following their visit. We incorporate this tracking into our internal feedback and training to ensure that we maintain our customer care standards.

## Health and safety statement

We recognise the importance of managing health and safety risks, on our sites at Kew Gardens and Wakehurst and as part of the work carried out by our employees off-site.

Our Health and Safety Statement of Intent makes clear the commitment of the Trustees to ensure a safe workplace for their employees and visitors, and any other person who may be affected by their undertaking.

Our Health and Safety Committee meets four times a year. This committee reviews current health and safety arrangements and sets direction for the organisation. The meeting is chaired by the Director of RBG Kew and includes representatives of the three recognised trades unions, a representative from the Departmental Health and Safety Co-ordinators as well as the corporate health and safety management team.

We have put in place corporate health and safety objectives, performance indicators and a corporate health and safety risk register.

In the reporting year April 2016 to March 2017, there were three

RIDDOR<sup>3</sup> reportable incidents at RBG Kew; two involving a member of the public and one an employee. All incidents were investigated and remedial action taken as appropriate.

During 2016/17 no enforcement notices were served on RBG Kew, nor were there any convictions for health and safety offences.

## Diversity and equality statement

We respect and celebrate the diversity and equality of all staff and visitors, recognising that this provides a strong foundation for creating a cohesive, confident, and world class institution. Kew Gardens remains one of the top London visitor attractions for disabled visitors.

We support the employment of disabled people wherever possible, by recruitment, by retaining all those who become disabled during their employment, and also through training, career development and promotion.

Our core values include diversity:

‘We seek to conserve the natural plant and fungal diversity of our planet. We value diversity among all our people and audiences as we respect and encourage different views and perspectives.’

We continue to promote and develop a range of programmes that promote equality of opportunity for staff and visitors:

- embedding the principles of equality and inclusion into recruitment practices and people management policies;
- provision of discounted entry to 5,451 individuals with additional needs from 241 groups through RBG Kew's Community Access Membership Scheme;
- participation of 2,228 people in Kew Gardens Discovery bus and walking tours aimed at visitors with limited mobility, or people who are unable to visit independently;
- assisted volunteering placements for people who may have an additional need or disability. Last year these placements accounted for over 10% of Kew's horticultural volunteer placements;
- continued provision of sponsored bursaries to schools with economic challenges with 410 pupils visiting Kew Gardens and 258 visits to Wakehurst; and
- organising outdoor learning opportunities for Special Educational Needs' schools with 1,049 children participating at Kew Gardens and 148 children at Wakehurst.

<sup>3</sup> RIDDOR: Reporting of Incidents, Diseases and Dangerous Occurrences Regulations  
RBG Kew Gardens Annual Report Accounts 2016/17

## **Volunteering statement**

We recognise the vital and integral role played by volunteers in our work and the value they contribute to RBG Kew. Last year our 702 volunteers donated a range of skills and in excess of 104,000 hours to RBG Kew's mission, an increase of 300% since 2006/7. This equates to a value of around £1.6 million in equivalent staff time. More important is the value that our volunteer task force brings in terms of their commitment, knowledge, enthusiasm, and energy. For example, last year there were 1,852 volunteer-led guided tours of Kew Gardens which have enriched and enhanced the visitor experience.

One of the key quantitative indicators is the 'Volunteer Investment and Value Audit Ratio', which demonstrates that for every £1 the organisation invests in our volunteering programme, we receive over £11.50 in return.

We have a record of working with volunteers since 1992 with a volunteer retention rate of over 95% in 2016/17. Our traditional volunteer roles include horticultural support, guiding and support to our schools, families and science programmes. We also promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year 260 volunteers took part in corporate volunteering activities over 13 days. In our 2016 volunteer survey, 95% of volunteers rated their volunteering experience as excellent or good with the majority rating it as excellent.

Our Volunteer Strategy aims to align our volunteering programmes to support the objectives of the organisation and is channelled through our Volunteer Steering Group. The Group consists of volunteers, their coordinators and the Kew trade unions and meets three times per year and steers volunteering at RBG Kew and promote best practice in volunteer involvement.

We celebrate and thank our volunteers, whose gifts of time and talent make such an invaluable contribution to our mission.

## **Third party engagement**

RBG Kew is committed to ethical responsibility both as an institution and on the part of individual members of staff, volunteers and students. We will be active in considering and resolving ethical issues as they arise and in developing appropriate policy, processes and capacities.

As an organisation largely funded by charitable donations and public funds, RBG Kew aims to achieve value for money, and deliver the greatest possible positive impact for our beneficiaries and the public.

We work with a range of third parties in pursuance of our objectives. In negotiating relationships, we seek to further the aims of RBG Kew, as described in our mission, and protect our reputation and brand. In doing so we undertake to use appropriate due diligence in developing third party relationships and to use a least harm and maximum benefit approach in assessing potential partners.

In March 2017, the Board of Trustees agreed to a third party engagement policy which will help to guide the relationships we enter into.

# Governance statement

## Overview

RBG Kew was founded as a Royal Garden in 1759. Under the National Heritage Act 1983 (“the Act”) it became an executive non-departmental public body (NDPB) and a corporate body with exempt charitable status operating under a Board of Trustees and a Director.

As an exempt charity and an NDPB, we aspire to a high standard of corporate governance. This Statement sets out the arrangements RBG Kew has in place and reports on the effectiveness of the arrangements and the key activities and issues which have arisen since the last report.

As an executive NDPB, we operate at ‘arm’s length’ from our sponsor department, Defra. Defra’s role is a strategic one, with oversight currently exercised through a Management Statement and Financial Memorandum, which sets out the management arrangements for ensuring that public funds received are used appropriately and effectively. A Framework Document is in the process of being agreed.

Our internal governance rules were reviewed by the Board of Trustees in March 2017. The outcome of the review was *Governance at RBG Kew*, which sets out corporate governance structures, processes and authorities. It also sets out rules relating to decision-making, and internal controls.

## 1. Governance arrangements

### The Board of Trustees

The Board of Trustees was established under the Act and came into existence on 8 August 1983. It is collectively responsible and has non-delegable accountability for RBG Kew. It determines the strategy of the organisation and ensures that it has appropriate policies and procedures to fulfil its statutory and administrative obligations with regard to the use of public funds. Collectively, the Trustees operate as the Board, observing the legal and good practice expectations included in their responsibilities.

The Board meets four times a year, and additionally when necessary, to consider matters relating to the overall control, business performance and strategy of the organisation. A joint strategy day is also held once a year with Kew Foundation Trustees.

The twelve Trustees have been selected to provide an appropriate balance of skills, experience, independence and knowledge to discharge their duties effectively. Eleven have been appointed by the Secretary of State for Environment, Food and Rural Affairs and one by HM The Queen. The recruitment of Trustees is regulated by the Office of the Commissioner for Public Appointments and conducted through fair and open competition. In addition, there are independent members who sit on Committees. On appointment Trustees are briefed by Defra and inducted into RBG Kew.

The membership of the Board of Trustees in 2016/17 was as follows:

Marcus Agius (Chairman)  
Sir Henry Keswick (Appointed by Her Majesty, The Queen)  
Nick Baird  
Professor Liam Dolan  
Catherine Dugmore  
Sarah Flannigan (wef 1/11/16)  
Valerie Gooding  
Professor Sue Hartley  
Ian Karet  
Sir Derek Myers  
Professor Malcolm Press  
Professor Nicola Spence (until 21/11/16))  
Jennifer Ullman (until 30/10/16)

Standard Board agenda items include a regular report from the Director covering major strategic issues, financial updates, reports from Committees and any declarations of interest.

The Board considered a range of significant matters during the year including:

- proposals to integrate fundraising activity of Kew Foundation into RBG Kew;
- governance arrangements for the capital development programme, approval of major contracts and the family landscape project;
- a new catering contract;
- a successor scheme to Grow Wild (RBG Kew’s outreach programme);
- a third party engagement policy and anti-slavery policy and statement;
- revisions to RBG Kew’s internal governance arrangements; and
- approval of the budget for 2017/18 and associated operational plan.

### Board Committees

The Board of Trustees is supported by six Committees which are responsible to the Board for key functions. The Committees comprise a mix of Trustees and some have independent members. They are as follows:

- Audit and Risk;
- Capital Development Advisory & Stakeholder;
- Finance;
- Remuneration and Nominations;
- Science Advisory; and
- Visitor Experience.

The committees have written terms of reference. Summary notes of Committee meetings are provided to the Board of Trustees. Membership of the Board, each of its committees and attendance records are provided on page 12.

## **Audit and Risk Committee**

The Committee's role is to advise the Director of RBG Kew (the Accounting Officer) and assist the Board of Trustees in monitoring the integrity of financial reporting and the effectiveness of internal control, governance and risk management systems.

It also advises the Board on the scope and effectiveness of the internal audit service and monitors the work of the external auditor. It reviews the financial statements and annual report and reviews procedures for the detection of fraud and handling of allegations from whistle-blowers.

The Committee has a minimum of two Trustees and one independent member. Jennifer Ullman's term of office came to an end in October 2016 and she will be replaced in 2017/18.

The Committee has shaped developments in governance in terms of ensuring adequate oversight of the capital development programme, considering due diligence in relation to the RBG Kew/Foundation review and in scrutinising the refresh of RBG Kew's internal governance rules. Specific areas of challenge during 2016/17 related to timeliness in executing internal audit recommendations, tackling the red rating for IT on the strategic risk register and progressing business continuity planning.

The Committee also recognised progress in developing an audit universe document and implementing an updated overseas travel policy which had been an overdue red-rated internal recommendation audit.

At the March 2017 meeting, members reviewed Committee effectiveness. There was a consensus that the Committee offered constructive challenge and that members worked well with a good mix of skills. Meetings were pitched at the right level and not focused on minutiae. The internal audit dynamic would evolve as the appointed auditors, Mazars, became more familiar with RBG Kew business. Looking ahead it was agreed that:

- occasional 'deep dives' into particular risks would be helpful;
- the 'audit universe' should evolve into an assurance framework; and
- succession and talent planning was important.

These will be taken forward during 2017/18.

## **Capital Development Advisory & Stakeholder Committee**

In August 2016, the Capital Development Advisory & Stakeholder Committee was established to provide the Board with effective oversight of the capital development programme. The Committee comprises two Trustees, a Foundation Trustee, three independent external advisors, as well as the Director RBG Kew and CEO of the Foundation.

The Committee met four times in 2016/17 and considered the following matters:

- Committee governance and terms of reference;
- Major contract procurement; and
- Estates strategy

## **Finance Committee**

The main responsibility of the Finance Committee is to review significant financial matters on behalf of the Board and make recommendations to the full Board for further consideration. The Finance Committee comprises three Trustees and one independent member.

Scrutiny of major financial commitments was a key focus in 2016/17 particularly in relation to capital works, and the successor to Grow Wild, RBG Kew's outreach project. In addition, the Committee reviewed RBG Kew's five year financial plan as well as the 2017/18 budget. The Committee also reviewed the financial implications of Kew Foundation's fundraising activity integrating into RBG Kew.

## **Remuneration and Nominations Committee**

In 2016/17, the Committee reviewed the Director's and other senior executives' remuneration and major changes affecting remuneration across RBG Kew.

The Committee meets once per year and comprises the Board Chairman and two additional Trustees.

## **Science Advisory Board**

The Science Advisory Board advises on the long-term strategy for science at RBG Kew. The Board comprises three Trustees and one independent member. The Committee met twice during the year and matters considered included:

- Developing the collections' strategy;
- RBG Kew Science Festival 2017;
- State of the World's Plants publication and symposium;
- 2017 Kew science priorities; and
- Review of Kew Science (progress towards implementing the recommendations of the Mace review).

## **Visitor Experience Committee**

The Visitor Experience Committee provides strategic oversight of the visitor offer at Kew Gardens and Wakehurst, and on driving growth of RBG Kew's commercial offer. The Committee consists of three Trustees and three independent members and met four times in 2016/17.

The Committee offered valuable advice on the appointment of a new catering contractor at Kew Gardens which will form an important pillar of our commercial revenue stream. The Committee also provided challenge on delays in our digital refresh of kew.org as well as reviewed public programming for the year.

The following table shows the attendance records of Trustees and independent members during the year:

## Board of Trustee and Committee attendance in 2016/17

| Board & Committee<br>[Number of meetings<br>in 2016/17] | Main<br>Board<br>[4] | Audit<br>&<br>Risk<br>[5] | Capital<br>Development<br>Advisory &<br>Stakeholder<br>[4] | Finance†<br>[4] | Remunerations<br>& Nominations<br>[1] | Science<br>Advisory<br>Board<br>[2] | Visitor<br>Experience<br>[4] |
|---------------------------------------------------------|----------------------|---------------------------|------------------------------------------------------------|-----------------|---------------------------------------|-------------------------------------|------------------------------|
| <b>Trustee</b>                                          | <b>Attendance</b>    |                           |                                                            |                 |                                       |                                     |                              |
| Marcus Agius ±                                          | 4/4*                 |                           | 1/2                                                        | 4/4             | 1/1*                                  |                                     | 3/4                          |
| Sir Henry Keswick ±                                     | 4/4                  |                           |                                                            |                 |                                       |                                     |                              |
| Nick Baird                                              | 4/4                  |                           |                                                            | 3/4             | 1/1                                   |                                     |                              |
| Catherine Dugmore                                       | 4/4                  | 4/5                       | 4/4*                                                       |                 | 1/1                                   |                                     |                              |
| Sarah Flannigan                                         | 2/2                  |                           |                                                            |                 |                                       |                                     | 1/1                          |
| Valerie Gooding                                         | 4/4                  |                           |                                                            |                 |                                       |                                     | 4/4*                         |
| Professor Sue Hartley                                   | 3/4                  |                           |                                                            |                 |                                       | 2/2                                 |                              |
| Ian Karet ±                                             | 4/4                  |                           |                                                            | 4/4*            |                                       |                                     |                              |
| Professor Liam Dolan                                    | 4/4                  |                           |                                                            |                 |                                       | 2/2                                 |                              |
| Sir Derek Myers                                         | 3/4                  | 5/5*                      |                                                            |                 |                                       |                                     |                              |
| Professor Malcolm Press                                 | 4/4                  |                           |                                                            |                 |                                       | 2/2*                                |                              |
| Professor Nicola Spence                                 | 2/2                  |                           |                                                            |                 |                                       | 1/1                                 |                              |
| Jennifer Ullman                                         | 1/2                  | 3/3                       |                                                            |                 |                                       |                                     | 1/2                          |
| <b>Independent<br/>Members</b>                          |                      |                           |                                                            |                 |                                       |                                     |                              |
| John Botts                                              |                      |                           |                                                            | 2/4             |                                       |                                     |                              |
| Jonathan Doughty                                        |                      |                           |                                                            |                 |                                       |                                     | 4/4                          |
| George Loudon                                           |                      |                           |                                                            |                 |                                       | 2/2                                 |                              |
| Mike McDonagh                                           |                      | 5/5                       |                                                            |                 |                                       |                                     |                              |
| Johanna Waterous                                        |                      |                           |                                                            |                 |                                       |                                     | 3/4                          |
| Jonathan Lane                                           |                      |                           | 4/4                                                        |                 |                                       |                                     |                              |
| <b>Ex-officio</b>                                       |                      |                           |                                                            |                 |                                       |                                     |                              |
| Daniel Green                                            |                      |                           |                                                            |                 |                                       |                                     | 3/4                          |

Nb Where the number of meetings shown against a Trustee is less than total number of meetings held during the year this indicates that the individual did not hold office at the time of the meeting

\*Denotes chair

† Includes extraordinary meeting on 26 September 2016

± Trustee sits on Foundation Board

## Director of RBG Kew and Accounting Officer

The Director is accountable to the Board for the running of RBG Kew and is appointed by the Board, subject to approval of the Secretary of State.

The Director is also the Accounting Officer for RBG Kew and is responsible for:

- safeguarding the public funds and the stewardship of assets for which they have charge;
- ensuring propriety, regularity, value for money and feasibility in the handling of public funds; and
- ensuring that RBG Kew as a whole is run in accordance with the standards set out in HMT's Managing Public Money.

The Accounting Officer is accountable to Parliament and Defra's Principal Accounting Officer for the use of Grant-in-Aid and also advises the Defra Minister.

## Executive Board

The Executive Board is a decision-making forum and acts under delegated authority from the Director, and is chaired by the Director. The Board's primary purpose is to support the Director in delivering the corporate strategy.

The Executive Board meets on a weekly basis. Membership of the Executive Board in 2016/17 consisted of the following Directors:

- Director RBG, Kew (Chair), Richard Deverell;
- Chief Information Officer, Ian McKetty (new post wef February 2017);
- Director of Corporate Services, Jill McLaughlin;
- Director of Kew Horticulture, Learning & Operations, Richard Barley;
- Director of Marketing & Commercial Enterprise, Sandra Botterell;
- Director of Science, Kathy Willis;
- Director of Strategy & External Affairs, David Cope;
- Director of Wakehurst, Tony Sweeney; and
- Finance Director, Fern Stoner.

The CEO of Kew Foundation, who is invited to attend Executive Board meetings as an observer, left in May 2016 and internal co-interim appointments were put in place. Meredith Pierce Hunter was recruited in early 2017 and started in May 2017 as an employee of the RBG Kew group. She will be a full member of the Executive Board.

Embedding the new performance framework was an important activity in 2016/17, through which Directors are required to report progress against quarterly deliverables. Lessons learnt from the year, about levels of ambition, prioritising and impacts that deliverables can have on other parts of the organisation, have been fed into the 2017/18 planning round.

## Kew Foundation

The Foundation supports RBG Kew by attracting donations and sponsorship for projects and through the management of an active and growing membership of the Friends of Kew Gardens and Wakehurst, as well as enhancing awareness of RBG Kew's work amongst its members.

The independence of the Foundation is critical to maintaining its charitable status, and the Foundation is governed by a separate Board of Trustees. The RBG Kew Board of Trustees appoints three of its members to the Board of the Foundation. At the end of March 2017, the Foundation agreed to integrate the majority of its fundraising activity into RBG Kew.

## RBG Kew Enterprises Ltd

RBG Kew Enterprises Limited is wholly owned by RBG Kew. The company carries out commercial activity to generate income for RBG Kew including retail, concerts, licensing and venue hire. It is governed by a Board of Directors appointed by the RBG Kew Board of Trustees. The Kew Enterprises Board is accountable to the RBG Kew Board of Trustees.

## Defra

We support delivery of the Defra strategy and wider UK government objectives. The Defra strategy '*Creating a great place for living*' sets out a shared vision and set of strategic objectives for the Defra group for the period up to 2020.

Regular meetings take place between Defra officials and RBG Kew management. There are meetings between the sponsor Minister, Chairman of the Trustees and the Director, RBG Kew every six months.

At a working level, contact with Defra officials is frequent and covers a variety of strategic and financial matters. A Defra representative attends RBG Kew's Audit and Risk Committee meetings and the Capital Development Advisory and Stakeholder Committee. A key piece of work during the year was the development of the Framework Document which sets out RBG Kew's relationship with Defra. It is expected that the revised Framework Document will be in place in 2017/18, subject to Defra, Trustee and HMT approval.

## Risk Management

Overall responsibility for the effective management of strategic risk rests with the Director and the Executive Board. The risk management system is based on a hierarchical structure of risk registers flowing from departmental, through directorate and up to strategic or corporate levels. This structure promotes the escalation of risks that cannot be controlled at the lower levels or which may have an impact on other departments, directorates, or the organisation as a whole. Regular reviews of the strategic risk register were undertaken throughout the year as part of the quarterly Executive Board performance review process.

The Audit and Risk Committee ensures oversight of operational risks by requiring an Executive Director to attend a meeting and to describe the risk environment within their directorate; this also provides members with an opportunity to review operational risk registers. In addition, and in recognition of its risk profile, a new risk register for the capital development programme was also presented in this period.

Directors of the following areas attended in 2016/17:

- June 2016 – Wakehurst
- Sept 2016 – Horticulture, Learning & Operations
- November 2016 – Corporate Services
- March 2017 – capital development programme

A rolling programme of attendance continues into 2017/18.

### Key risks

Maintaining a viable and attractive visitor proposition whilst meeting our obligations as a world class scientific and raises horticultural institution varied challenges. Volatility of funding, financial pressures on donors and sponsors, and the need to drive commercial income have all placed stress on the organisation. These risks and challenges are compounded by a backlog in infrastructure investment and continued organisational change, development of additional commercial income streams and reorganisation to promote efficiency and cost savings.

The majority of our strategic risks relate to our ability to secure sufficient income so that we can safeguard our collections, ensure that we continue to meet our obligations as a World Heritage Site, and deliver world class science.

As of March 2017, one risk carried a red status relating to the IT failing to deliver effective support to the organisation. A significant amount of mitigation was applied to this risk through the year including the repositioning of the IT function with a new CIO post reporting to the Director.

## 2. Internal control framework

The Trustees and the Director as Accounting Officer, are responsible for maintaining a sound system of internal control that supports the achievement of RBG Kew's policies, aims and objectives, and safeguards public funds and assets.

The Accounting Officer of RBG Kew, is accountable to the Principal Accounting Officer of Defra to enable her to discharge her overall responsibility for ensuring that RBG Kew, as an NDPB of Defra, has adequate internal control systems and procedures in place.

As Accounting Officer, RBG Kew's Director has responsibility for reviewing the effectiveness of the system of internal control and this is informed by the work of the internal auditors and the senior managers responsible for the development and maintenance of the internal control framework.

The Internal Audit Strategy and Plan for the year were approved by the Audit and Risk Committee when it met on 7 April 2016. The plan was based on:

- an assessment of RBG Kew's strategic risk register;
- discussions with key stakeholders; and
- an assessment of, and follow-up on, previous internal audit reviews.

The Head of the Internal Audit service provided the Committee with regular updates on progress against the audit plan at its quarterly meetings. Changes to the plan, which included a review of the Facilities Management contract (instead of an IT security audit which was deferred as a separate review was being undertaken by KPMG) and an investigation into an alleged fraud, were authorised by the Committee.

The development of an audit universe to identify our auditable activities was an important piece of work completed during the year setting out the mechanisms, procedures and processes in place to provide assurance on the adequacy of controls in place across the organisation. The document identifies areas where further assurance is required; work is ongoing to prioritise control weaknesses and the document will be reviewed by the Committee on a biennial basis.

### Financial management and control

Financial management is supported through monthly management accounts, quarterly financial reporting to the Executive Board and summary reporting to the Finance Committee and to Trustees. Financial information is available to all budget holders so that they are able to monitor their performance against budgets at any time.

### Fraud risk management

We have a zero tolerance towards fraud, bribery and corruption and all staff are required to undertake mandatory 'Responsible for Information' training which includes content relating to fraud, bribery and corruption.

All internal audits consider the risk and likelihood of fraud within the scope of their remits. The Audit and Risk Committee have reviewed the anti-fraud, bribery and corruption policy and the whistleblowing policy during 2016/17 as well as receiving a report on gifts and hospitality offered during the year.

We contribute to HM Government counter fraud initiatives and activities through collaboration with the Defra Fraud and Error Board where best practice is shared between Defra departments and other arm's length bodies.

One incidence of alleged fraud was detected and investigated during the year. Three other suspected incidents were flagged during the year but did not result in any fraudulent loss or subsequent criminal action. There were no reports of whistleblowing in the period.

### Performance management

A new performance management framework was implemented in 2016/17 to support the revisions to the planning process which from 1 April 2016 was re-focussed around the key initiatives that will deliver our corporate strategy. The new process revolves around quarterly discussions held at Executive Board level to track delivery progress, identify issues and resolve barriers to delivery. As part of this new approach we have also introduced a new set of success measures effective from 1 April 2016.

This new system improves the focus on organisation performance amongst the Executive Board by bringing clearer accountability and a more supportive and collaborative performance environment. At the end of the first year of operating this new system, the Executive Board reviewed the approach and decided that it was beneficial as well as identifying some minor areas of improvement that will be implemented in 2017/18.

### Project management

The governance arrangements for management and oversight of the portfolio of major projects were reviewed during the year. As a result, a revised governance structure has been proposed



to provide separation between assurance and management functions and clearer oversight and reporting through the Executive Board and Committee structure.

Quality assurance of major projects (with a total budget of more than £0.5m or of significant importance or risk to RBG Kew), is achieved through a checkpoint process and project toolkit, with compliance overseen by a Strategic Portfolio Office set up to enhance the quality and success of project management at RBG Kew.

However, it should be recognised that this is the first year of the capital development programme, which has a scale and risk profile that is completely new for RBG Kew. These governance and reporting processes are yet to be fully embedded and effective across the organisation. This has been recognised and captured within departmental and organisational risk registers and we are working collaboratively to build the appropriate capabilities to manage inherent risks. Improving how the governance of major projects works within the controls and assurance mechanisms of our corporate governance is a significant focus for the coming year.

### Information management

We take the management of the information we hold very seriously and we are not aware of any personal data losses in 2016/17 that required notification to the Information Commissioners Office.

All employees are mandated to undertake the Civil Service Learning 'Responsible for Information' training and compliance with this requirement is monitored by the Human Resources team. 76% of staff completed this training in 2016/17. Further efforts will be made to increase this in 2017/18.

We undertake an annual self-assessment exercise against the government information risk maturity model. The assessment for 2016/17 shows that we have made progress in some areas during the year with most assessments comparable to 2015/16 but some concerns have been identified that are now under review and subject to remedial activity.

### 3. Governance and internal control issues

Mazars started work as RBG Kew's internal auditors in early 2016. A review on cash handling at the Kew Gardens site and a review on performance management and development for staff, were concluded by our previous internal auditors, Grant Thornton, as they completed their contract with us. Both reviews received an amber rating in terms of the effectiveness of control.

Three audits were completed by Mazars during 2016/17, on payroll and expenses, catering (contract management), and cash and banking at Wakehurst. The reviews of payroll and expenses and catering received an adequate assurance rating whereas cash management at Wakehurst was given a limited assurance rating. Action has been taken to resolve these issues. In addition, follow-up action was also taken in respect of a number of recommendations outstanding from prior years including implementation of actions relating to overseas working, cash handling and corporate governance.

A review of the facilities management contract was additionally undertaken at the request of the Director of Corporate Services to review arrangements in place for facilities management and operational performance against the current contract by the appointed contractor. The review identified a number of areas

where there was scope for improvement in current arrangements and which are being taken forward with the current contractor. Finally, a benchmark review of RBG Kew's auditable activities (audit universe) was undertaken to map key systems and their respective management, governance and independent oversight alongside an action plan to address any perceived assurance shortcomings.

At the end of March 2017 there were a total of 8 audit recommendations outstanding. Action on these recommendations will be taken in 2017/18. The Audit and Risk Committee has received regular progress reports on progress in implementing recommendations throughout the year.

The Internal Audit annual report for this year gave an overall unqualified assurance in respect of corporate governance, risk management and internal control. This means that risk management and other activities were generally adequate and operating effectively.

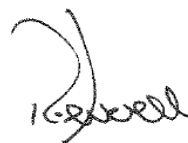
### Conclusion

Our risk and internal control framework is generally sound and has proved adequate in terms of meeting the organisation's obligations, mitigating risks and safeguarding its assets. However, it will need to continue to evolve to meet the challenges outlined above.



### Marcus Agius

Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
15 June 2017



### Richard Deverell

Director  
Royal Botanic Gardens, Kew  
15 June 2017

# Sustainability Report

## Our commitment to sustainability

Our mission 'to be the global resource for plant and fungal knowledge, building an understanding of the world's plants and fungi upon which all our lives depend' demonstrates our commitment to sustainability, biodiversity and conservation. This is exemplified by best practice management throughout our gardens, projects and partnerships. As such, we believe that our operations should be undertaken with minimal adverse impact on both the local and global environment. We use an ISO14001 compliant Environmental Management System (EMS) to manage our operations and achieved recertification in September 2016. RBG Kew was the first World Heritage Site to achieve this international standard.

## About our data

Sustainability information is reported in accordance with the Government Financial Reporting Manual (FRm) and as part of the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting, Guidance for 2015/16 reporting.

The Greening Government Commitments (GGC) which commenced on 1 April 2011 are aimed at reducing the impact that government has on the environment and require us to report information to Defra on a quarterly basis. The following targets were set during 2016/17 for achievement by March 2020 following an extension to the GGC scheme:

- reduce greenhouse gas emissions by at least 32% from a 2009/10 baseline;
- improve waste management by reducing the amount of waste to landfill to less than 10%;
- further reduce water consumption; and
- continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.

As an arm's length body the scope of this report is limited to our GGC and the information included forms part of Defra's sustainability report. The information contained within this report has not been subject to external audit and does not form part of the auditors' opinion on the accounts.

The data gathering process is currently aligned with the GGC Guidance on Measurement and Reporting and the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme; consumption figures are based on billed amounts and may therefore be subject to adjustments in subsequent periods.

Any business-related travel or third-party emissions have been excluded since we do not have currently reliable data and they have been discounted under the 'de-minimus' criteria. We are looking into how we can capture this data accurately to enable future reporting of emissions in this area.

## Summary of Performance

| Area                                          |                          | 2016/17 Performance     |            | 2009/10 Baseline | Change Against 2009/10 Baseline | GGC 2020 Target |
|-----------------------------------------------|--------------------------|-------------------------|------------|------------------|---------------------------------|-----------------|
| <b>CO<sub>2e</sub> Emissions</b> (see note 1) | Total Emissions          | Tonnes CO <sub>2e</sub> | 6,722      | 8,869            | (24)%                           | 6,033           |
|                                               | Total Energy Expenditure | £                       | £1,563,956 | £945,000         | 65%                             | N/A             |
| <b>Water</b> (see note 2)                     | Total Water Consumption  | m <sup>3</sup>          | 322,358    | 158,000          | 104%                            | < 158,000       |
|                                               | Water Supply Costs       | £                       | £245,839   | £238,000         | 3%                              | N/A             |
| <b>Waste</b> (see note 3)                     | Total Waste              | Tonnes                  | 1,500      | 1,233            | 21%                             | N/A             |
|                                               | % to Landfill            | %                       | 1.5%       | N/A              | N/A                             | < 10%           |
|                                               | Total Disposal Costs     | £                       | £110,941   | £80,416          | 38%                             | N/A             |

N/A means no target set

1. The Greening Government Commitments published in 2016 call for a reduction in greenhouse gas emissions of at least 32% by 31 March 2020; for RBG Kew this represents a further reduction of 1,042 tonnes above the original 25% target (7,075 tonnes)
2. The level of water consumed exceeded the baseline target of 158,000 m<sup>3</sup> but includes a significant amount of abstracted water (133,178 m<sup>3</sup>) used to maintain RBG Kew's collections.
3. No baseline data for 2009/10 available for Waste to Landfill. Total waste does not include compost produced for use within the gardens.

Please refer to text below for further information on performance

## Summary of future strategy

RBG Kew's policy is to establish and maintain effective environmental management based on the requirements of ISO14001. In line with our policy, RBG Kew aims to meet environmental targets and to continually improve our performance in key areas.

RBG Kew has made commitments to:

- assess annually its operational environment impacts;
- set annual objectives and targets to ensure continual improvement of its environmental performance; and
- comply with all relevant environmental legislation.

RBG Kew's work is focused on addressing the major environmental challenges faced today including habitat destruction and degradation, biodiversity loss and climate change on a local and global level.

As an organisation, RBG Kew recognises the link between greenhouse gas emissions from its operations and climate change. As a response, the organisation has a strategy for carbon reduction with long term emission reduction targets aligned to government policy; delivered through a strategic mix of renewable energy and conservation measures.

## Greenhouse gas emissions

RBG Kew is committed to reducing emissions from energy consumption and meeting Government targets. The business faces a specific set of challenges in reducing energy consumption whilst maintaining heat supply to listed Victorian glasshouses. This is particularly apparent in the winter months.

RBG Kew has established a long-term strategy for reducing CO<sub>2</sub> emissions in line with the commitments set out in the Greening Government targets for sustainable development under which we are required to reduce greenhouse gas emissions by 32% by 2020 compared to the 2009/10 baseline.

To achieve this, we are utilising a range of renewable energy and efficient heat production technologies to generate sources of low carbon electricity and heat for use across the organisation, alongside implementing a range of policies to raise awareness of, and ways to improve, energy efficiency across the organisation.

Installation of a biomass boiler is also planned to provide heating to the Temperate House as part of a five-year refurbishment project which commenced in 2014.

RBG Kew continues to actively monitor its energy consumption and to improve its processes for identifying and responding to the inefficient use of energy through its automatic monitoring and targeting system. Ongoing measures have contributed to a 24% reduction in CO<sub>2</sub> emissions.

| Greenhouse Gas Emissions                        | 2011/12      | 2012/13      | 2013/14      | 2014/15      | 2015/16      | 2016/17      |
|-------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Direct emissions                                | 4,296        | 5,186        | 4,406        | 4,240        | 4,027        | 3,559        |
| Indirect emissions                              | 4,642        | 4,658        | 4,638        | 4,609        | 3,801        | 3,163        |
| <b>Total emissions (Tonnes CO<sub>2e</sub>)</b> | <b>8,938</b> | <b>9,844</b> | <b>9,044</b> | <b>8,849</b> | <b>7,828</b> | <b>6,722</b> |

| Energy (kWh)                        | 2011/12           | 2012/13           | 2013/14           | 2014/15           | 2015/16           | 2016/17           |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total Consumption</b>            | <b>30,523,724</b> | <b>35,187,258</b> | <b>31,401,943</b> | <b>30,273,397</b> | <b>29,607,759</b> | <b>26,860,603</b> |
| Electricity (see note 1)            | 8,019,710         | 7,659,194         | 7,482,540         | 7,468,354         | 7,597,193         | 7,676,328         |
| Electricity (CHP)                   | -                 | 498,049           | 764,795           | 907,151           | 995,040           | 841,726           |
| Electricity (solar PV)              | -                 | 6,024             | 41,783            | 48,955            | 44,183            | 47,181            |
| Gas (see note 2)                    | 20,192,047        | 24,207,932        | 20,689,031        | 19,537,956        | 19,019,793        | 15,979,031        |
| Oil                                 | 2,114,779         | 2,659,604         | 2,116,273         | 2,265,780         | 1,867,134         | 2,288,512         |
| LPG (Propane)                       | 197,188           | 156,455           | 307,521           | 45,201            | 84,416            | 27,823            |
| <b>Total Energy Expenditure (£)</b> | <b>1,035,765</b>  | <b>1,083,025</b>  | <b>1,292,528</b>  | <b>1,229,730</b>  | <b>1,509,953</b>  | <b>1,563,956</b>  |

1. Electricity contracts in 2010/11, 2011/12 and 2012/13 were for Brown Energy. In 2014/15 and 2015/16 green energy was procured.

2. Gas consumption reported is inclusive of gas utilised by the Combined Heat & Power unit to generate electricity and heat onsite.

## Waste management

We are committed to eliminating waste to landfill by 2020. Good progress has been made against this target at Wakehurst and Kew Gardens, with waste to landfill reduced by almost 99% over the past 5 years.

We produce around 4,000 tonnes of compost per annum for use on site. RBG Kew holds an Environment Agency permit for both sites to ensure that compost production complies with all relevant legislation.

The overall volume of waste generated has increased due to the uplift in visitation, which has increased by 20%, including commercial visitor numbers which are up 50% on 2015/16.

| Waste                               | 2011/12       | 2012/13       | 2013/14       | 2014/15       | 2015/16        | 2016/17        |
|-------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| <b>Total Waste (tonnes)</b>         | <b>1,531</b>  | <b>1,138</b>  | <b>487</b>    | <b>802</b>    | <b>516</b>     | <b>1,501</b>   |
| Hazardous waste                     | 4             | 10            | 22            | 68            | 22             | 17             |
| Reused, recycled, composted         | 123           | 206           | 125           | 373           | 119            | 985            |
| Incinerated with energy recovery    | 3             | 137           | 318           | 337           | 340            | 479            |
| Incinerated without energy recovery | -             | -             | -             | 0             | 0              | 0              |
| Landfill                            | 1,401         | 785           | 22            | 24            | 35             | 20             |
| <b>Total Disposal Cost (£)</b>      | <b>94,316</b> | <b>93,004</b> | <b>64,078</b> | <b>96,500</b> | <b>102,841</b> | <b>110,941</b> |

| Water (m <sup>3</sup> )        | 2011/12         | 2012/13         | 2013/14         | 2014/15        | 2015/16        | 2016/17        |
|--------------------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| <b>Total water Consumption</b> | <b>344,795*</b> | <b>231,165*</b> | <b>294,710*</b> | <b>144,591</b> | <b>275,072</b> | <b>322,358</b> |
| Supplied                       | 159,045         | 133,297         | 226,710         | 133,766        | 140,021        | 189,180        |
| Abstracted                     | 185,750         | 97,868          | 68,000          | 10,825**       | 135,051        | 133,178        |
| <b>Water Supply Costs (£)</b>  | <b>245,117</b>  | <b>167,555</b>  | <b>333,004</b>  | <b>227,440</b> | <b>214,858</b> | <b>245,839</b> |

\* indicates figure adjusted from previous annual reports and now includes volumes of abstracted water

\*\* low annual abstraction level due to Ground Source Heat Pump system refurbishments during which no water was abstracted

## Sustainable procurement

RBG Kew is committed to sustainable procurement through its ISO14001 management system. This will be achieved through adherence to its 'Sustainable Purchasing Guidelines' which require improved management of its supply chain and integration of full life costing for goods and services.

## Environmental management system

RBG Kew's corporate policy requires that Kew maintains an effective environmental management system, EMS, based on the requirements of BS EN ISO 14001:2004. This system will continue to be an integral tool to manage RBG Kew's

## Water consumption

We have committed to increasing the effective use of potable and grey water. RBG Kew has a statutory duty to preserve the living collection which contains numerous rare or endangered species and a high proportion of our water usage is used for irrigation of the living collections. This accounts for the volatility of water consumption.

We utilise automatic metering to assist in identifying inefficient water use, including leaks. We intend to install additional sub-metering to identify which areas consume greater proportions of our supplied water.

We also abstract ground water for the purposes of operating a ground source heat pump system which provides heating and cooling to the Herbarium which houses many of our collections. Abstracted ground water is returned to ground following use.

environmental impacts and to provide a mechanism to monitor report and deliver against emissions reduction targets, sustainability objectives and the Treasury's FRoM Sustainability Reporting requirements.

## Governance

RBG Kew's environmental policy complies with the requirements of the CRC Energy Efficiency scheme and GGC. RBG Kew's progress and compliance with these targets is reported quarterly to our Environmental Sustainability Steering Group.

## Statement of Trustees and Accounting Officer's responsibilities

Under Schedule 1 Part IV subsection 39(2) National Heritage Act 1983 the Board of Trustees of RBG Kew is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM Treasury. The accounts are prepared on an accruals' basis and must give a true and fair view of RBG Kew's and the group's state of affairs at the year end and of the group's incoming resources, application of resources and cash flows for the financial year.

In preparing the accounts the Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Secretary of State for Environment, Food and Rural Affairs including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards 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 a going concern basis.

The Director of RBG Kew has been appointed as the Accounting Officer for RBG Kew, by Defra's Principal Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding RBG Kew's assets, are set out in Managing Public Money published by HM Treasury.

## Statutory information

### Results

The accounts have been prepared in a form directed by the Secretary of State, with the approval of HM Treasury, under Schedule 1 Part IV subsection 39(4) of the National Heritage Act 1983 and on the basis of the accounting policies set out in Note 2.

Total income for the year was £77.9m (£65.6m in 2015/16) of which £33.0m (£26.2m in 2015/16) was Grant-in-Aid from Defra. Total expenditure was £66.6m (£57.0m in 2015/16) and there was a gain on investments £1.2m (£nil in 2015/16) leaving a surplus of £12.5m (£8.6m surplus in 2015/16).

The surplus of £12.5m consisted of a £0.7m surplus on the unrestricted general other reserve generated by operating performance, £0.2m increase in the restricted donations reserve, plus a surplus totalling £11.6m on the unrestricted capital and capital revaluation reserves, reflecting capital and project funds to be offset by future depreciation on assets purchased or future capital or project expenditure.

Total funds increased to £197.0m (£179.1m in 2015/16). These include a revaluation fund of £113.0m (£107.4m in 2015/16) to reflect the value of certain land and buildings to which the Trustees do not have title, as outlined below, and the capital reserves of £78.4m (£67.0m in 2015/16) which consist of restricted grants and unrestricted income for capital expenditure and to be used to offset future depreciation of assets already purchased.

### Land and buildings

The Board does not hold title to the land and buildings used by RBG Kew, except for the Wellcome Trust Millennium Building and adjacent land at Wakehurst, including Havelock Farm, (35 acres of land purchased by RBG Kew in 2012, located in the centre of the existing Wakehurst estate); the National Trust owns the freehold of the remaining land at Wakehurst. The land and buildings at the Kew Gardens site are owned by the Crown. The Board exercises the management and maintenance functions on behalf of the Minister in relation to the properties used. Information on land and buildings can be seen in Note 11.

### Other fixed assets

Significant changes in other fixed assets are shown in Notes 10 and 11.

### Investments

Investments are detailed in Note 12 and are held in accordance with the Trustees' powers. Due to the limited investment funds available, the Accounting Officer and Trustees consider the Charities Official Investment Fund provides an adequate balance between risk and reward.

### Payment to creditors

Our policy is to settle all invoices with our creditors within 30 days unless otherwise specified in the contract, and to observe the principles of CBI Prompt Payment Code. During 2016/17 Kew settled its debts on average in 32 days (30 days in 2015/16).

### Reserves

The reserves of the organisation are explained in Note 2 of the Accounts. The Board has agreed that the unrestricted part of the General Reserves (Unrestricted General Reserve – other) should not fall below a minimum of £3.0m to give the organisation the flexibility to cope with fluctuations in income streams and unforeseen expenditure. The reserves policy is reviewed on an annual basis. At 31 March 2017, this fund stands at £4.4m (£3.7m in 2015/16) and may be used to partly fund any short-term shortfall in income and to meet major capital needs in the future.

### Foundation and Friends of the Royal Botanic Gardens, Kew

The Foundation and Friends of RBG Kew is a registered charity (registration no. 803428) which is independently administered. The Foundation is a company limited by guarantee and a registered charity. It is a distinct entity to RBG Kew whose purpose is to provide support for RBG Kew raising funds for RBG Kew's activities and its accounts are therefore not consolidated into the RBG group accounts.

## RBG Kew Enterprises Limited

RBG Kew owns 100% of the issued share capital of RBG Kew Enterprises Limited. Its results have been fully consolidated into the accounts of RBG Kew.

### Director

Richard Deverell has been the Director of RBG Kew since 17 September 2012.

### Internal audit

The Board has appointed internal auditors who report to an Audit and Risk Committee, constituted from members of the Board of Trustees, together with an independent non-Trustee member, and to the Director as Accounting Officer.

The internal auditors review RBG Kew's systems of internal control and risk management and make recommendations for improvements through detailed reports on areas covered and an annual report summarising their work.

### Advisors

#### Bankers


Lloyds Banking Group  
4<sup>th</sup> Floor  
25 Gresham Street  
London  
EC2V 7HN

#### External Auditor

(RBG Kew and RBG Kew Enterprises Ltd)  
Comptroller and Auditor General  
National Audit Office  
157–197 Buckingham Palace Road  
London SW1W 9SP

#### Solicitors

Burges Salmon LLP  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4AH



### Marcus Agius

Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
15 June 2017

## Employee involvement

Consultations take place with employees' representatives so that the views of employees may be taken into account in making decisions which are likely to affect their interests.

### Freedom of Information

Between 1 April 2016 and 31 Mar 2017 RBG Kew received 19 Freedom of Information requests in respect of which 18 responses were sent within the statutory timeframe and one was late by 1 working day.

### Going concern

The Trustees have considered the factors that may influence the organisation in the next 12 months, in particular the agreed Grant-in-Aid from Defra for 2017/18, and believe that it is appropriate to prepare the accounts on a going concern basis.

### Insurance

Kew has a range of commercial insurance policies which include public liability, professional indemnity and other relevant products. However, commercial insurance has not been taken in a number of other areas, notably heritage buildings without commercial use where it has been decided to 'self-insure' in line with advice from central government.

### Personal data related incidents

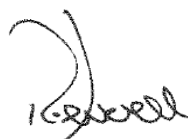
RBG Kew has not identified any personal data breaches during 2016/17 that would have required notification to the Information Commissioners Office.

### Sickness absence

The average number of day's sickness for staff in 2016/17 was 3.4 days (4.8 in 2015/16).

### The Accounting Officer and Board of Trustees confirm:

- the annual report and accounts as a whole is fair, balanced and understandable and they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable;
- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.



### Richard Deverell

Director  
Royal Botanic Gardens, Kew  
15 June 2017

# Remuneration Report

## Remuneration Policy

The remuneration of the Director (CEO) is set by the Remuneration and Nominations Committee, a sub-committee of the Board of Trustees. The members are identified on page 12.

The salary of the Director is reviewed on an annual basis, and in reaching its recommendations the Committee has regard to performance, based on objectives set by the Board of Trustees, affordability and government pay policy.

The Remuneration and Nominations Committee reviews the Director's recommendations on the remuneration packages of Executive Board members and other employees on individual contracts on an annual basis. The Trustees do not receive any remuneration for their services to RBG Kew. Note 9 details their expenses.

## Service Contracts

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

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the current Executive Board.

The Remuneration and Nominations Committee sets performance objectives and awards bonuses based on performance against agreed objectives.

The value of pension benefits during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. This may be a negative value in the year.

| Remuneration (Audited)        |                                                                               | 2016/17 Salary | 2016/17 Pension benefits to nearest (£1,000) | 2016/17 Total to nearest (£1,000) | 2015/16 Salary | 2015/16 Pension benefits to nearest (£1,000) | 2015/16 Total to nearest (£1,000) |
|-------------------------------|-------------------------------------------------------------------------------|----------------|----------------------------------------------|-----------------------------------|----------------|----------------------------------------------|-----------------------------------|
|                               |                                                                               | £              | £                                            | £                                 | £              | £                                            | £                                 |
| Andy Jackson <sup>1</sup>     | Director, Wakehurst to 30/04/15                                               | -              | -                                            | -                                 | 6,398          | 1,000                                        | 7,000                             |
| Catharine Pusey <sup>2</sup>  | Interim Director, Wakehurst from 30/04/15 to 1/11/15                          | -              | -                                            | -                                 | 60,632         | -                                            | 61,000                            |
| David Cope                    | Director, Strategy and External Affairs                                       | 76,134         | 48,000                                       | 124,000                           | 71,000         | 60,000                                       | 131,000                           |
| Fern Stoner <sup>3</sup>      | Finance Director – Board member from 1/07/16                                  | 67,619         | 27,000                                       | 95,000                            | -              | -                                            | -                                 |
| Gay Coley <sup>4</sup>        | Director, Public Programmes to 31/12/15                                       | -              | -                                            | -                                 | 109,184        | 39,000                                       | 148,000                           |
| Ian McKetty <sup>5</sup>      | Chief Information Officer from 06/02/17                                       | 16,696         | 7,000                                        | 24,000                            | -              | -                                            | -                                 |
| Jill McLaughlin               | Director, Corporate Services                                                  | 116,599        | 46,000                                       | 163,000                           | 107,767        | 44,000                                       | 152,000                           |
| Kathy Willis <sup>6</sup>     | Director, Science                                                             | 99,533         | 18,000                                       | 118,000                           | 97,315         | 15,000                                       | 112,000                           |
| Richard Barley <sup>7</sup>   | Director, Horticulture, Learning and Operations                               | 100,226        | 39,000                                       | 139,000                           | 96,915         | 38,000                                       | 135,000                           |
| Richard Deverell <sup>8</sup> | Director (CEO)                                                                | 149,982        | 58,000                                       | 208,000                           | 143,521        | 56,000                                       | 200,000                           |
| Sandra Botterell <sup>9</sup> | Director, Marketing and Commercial Enterprise from 1/3/16                     | 129,340        | 9,000                                        | 132,000                           | 9,583          | -                                            | 10,000                            |
| Tina Houlton <sup>10</sup>    | Interim Director, Marketing and Commercial Enterprise from 1/11/15 to 29/2/16 | -              | -                                            | -                                 | 28,667         | 30,000                                       | 59,000                            |
| Tony Sweeney <sup>11</sup>    | Director, Wakehurst from 2/11/15                                              | 97,727         | 38,000                                       | 136,000                           | 40,147         | 16,000                                       | 56,000                            |

1. Salary to 30/04/15 plus additional voluntary exit payment £212,000. Annual equivalent salary £76,773

2. Board Member from 30/4/15 to 1/11/15. Catharine was an interim contractor paid via fees of £60,632 to an agency through which she was employed. Annual equivalent salary £121,266

3. Board Member from 1 July 2016. Includes pay arrears of £2,146. Annual equivalent salary £89,318

4. Salary to 31/12/15. Annual equivalent salary £131,300

5. Board member from 6 February 2017. Annual equivalent salary £110,000

6. Kathy Willis is on secondment from Oxford University (80% of her time) and is paid directly by Oxford University. The reported costs relate only to salary and pension

costs which Kew incurs. In addition to her salary payment Kathy received £17,500 (2015/16 £15,000) for fundraising services from Kew Foundation.

7. In addition to his salary payment Richard received £5,000 (2015/16 £nil) for fundraising services from Kew Foundation.

8. Salary includes backdated pay award. In addition to his salary payment Richard received £32,500 (2015/16 £30,000) for fundraising services from Kew Foundation

9. Salary from 1/3/16. Annual equivalent salary £115,000. Employed by RBG Kew Enterprises. Includes Bonus payment of £11,670.

10. Salary from 1/11/15 to 29/2/16. Annual equivalent salary £86,000

11. Salary from 2/11/15. Annual equivalent salary £97,000

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by RBG Kew and thus recorded in these accounts.

## Benefits in kind

Post holders do not receive any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. For certain post holders on site accommodation is provided for the proper performance of the duties of the employment, or where it is customary for employees in that role to be provided with on-site living accommodation for the better performance of the duties of the employment. This is not treated as a taxable emolument.

## Gender

As at 31 March 2017, the gender split of the Executive Board was 5 males and 4 females.

## Median Salary Ratio

The Median Salary in the organisation in 2016/17 was £26,168 (£24,717 in 2015/16).

The ratio to the Director's remuneration of £149,982 in 2016/17 (£143,521 in 2015/16) was 5.7 (5.8 in 2015/16). Including payments for fundraising services the ratio to the Director's remuneration of £182,482 (2016/17 (£173,521 in 2015/16) was 7.0 (7.0 in 2015/16). Agency pay has been excluded from the Median Salary calculation since this pay arrangement would give rise to a distortion of the results.

| Pension Benefits (Audited) | Accrued pension at age 60 as at 31/03/17 & related lump sum | Real increase in pension & related lump sum at age 60 | CETV at 31/03/17 | CETV at 31/03/16 | Real increase in CETV | Employer contribution to partnership pension account |
|----------------------------|-------------------------------------------------------------|-------------------------------------------------------|------------------|------------------|-----------------------|------------------------------------------------------|
|                            | £'000                                                       | £'000                                                 | £'000            | £'000            | £'000                 | £'000                                                |
| Director                   |                                                             |                                                       |                  |                  |                       |                                                      |
| Andy Jackson               | -                                                           | -                                                     | -                | 432              | -                     | N/A                                                  |
| David Cope                 | 22                                                          | 3                                                     | 248              | 213              | 21                    | N/A                                                  |
| Fern Stoner                | 7                                                           | 2                                                     | 73               | 56               | 10                    | N/A                                                  |
| Ian McKetty                | -                                                           | -                                                     | 4                | -                | 3                     | N/A                                                  |
| Jill McLaughlin            | 28                                                          | 3                                                     | 437              | 377              | 32                    | N/A                                                  |
| Richard Barley             | 8                                                           | 2                                                     | 116              | 80               | 26                    | N/A                                                  |
| Richard Deverell           | 15                                                          | 3                                                     | 184              | 142              | 28                    | N/A                                                  |
| Sandra Botterell           | -                                                           | -                                                     | -                | -                | -                     | N/A                                                  |
| Tony Sweeney               | 3                                                           | 2                                                     | 50               | 14               | 28                    | N/A                                                  |

## Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to

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

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, 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.



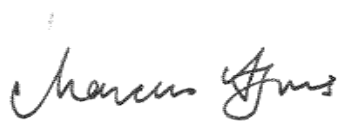
## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range from a minimum of 3.8% of pensionable earnings for classic and 4.6% and 8.05% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.



**Marcus Agius**

Chairman of the Board of Trustees

Royal Botanic Gardens, Kew

15 June 2017

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)

## Tax arrangements of public appointees

RBG Kew has a number of staff employed under contract and not through payroll. In line with guidance from HM Treasury, RBG Kew is required to publish information about its controls to ensure the regularity of the tax arrangements of its non-payroll appointees. The scope includes any individual who is engaged to carry out a role in the organisation, including office holders, who is earning the equivalent of £58,200 per annum or more and who is self-employed, supplied by an agency or other company or working through a personal service company, as follows:

**Table 1: For all off-payroll engagements as of 31 March 2017, for more than £220 per day and that last for more than six months (not audited):**

|                                                          |   |
|----------------------------------------------------------|---|
| Number of existing engagements as of 31 March 2017       | 8 |
| Of which at the time of reporting:                       |   |
| Number that have existed for less than one year          | 6 |
| Number that have existed for between one and two years   | 1 |
| Number that have existed for between two and three years | 1 |

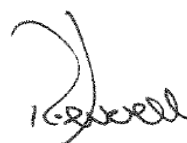
All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary assurance has been sought.

**Table 2: For all new off-payroll engagements between 1 April 2016 and 31 March 2017, for more than £220 per day and that last longer than six months (not audited):**

|                                                                                                                                                                                                    |   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Number of new engagements between 1 April 2016 and 31 March 2017 and which include contractual clauses giving the right to request assurance in relation to tax and National Insurance obligations |   |
| Number for whom assurance has been requested                                                                                                                                                       | 8 |
| Of which at the time of reporting:                                                                                                                                                                 |   |
| Number for whom assurance has been received                                                                                                                                                        | 8 |

**Table 3: Off payroll engagements of Board members with significant financial responsibility (not audited):**

|                                                                                                                                                                                         |   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Number of off-payroll engagements at board level and/or senior officials with significant financial responsibility                                                                      | 0 |
| Total number of individuals that are board members and/or senior officials with significant financial responsibility. This figure includes both off-payroll and on-payroll engagements. | 9 |



**Richard Deverell**

Director

Royal Botanic Gardens, Kew

15 June 2017

# Auditor's Certificate and Report

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

I certify that I have audited the financial statements of the Royal Botanic Gardens, Kew charity and group for the year ended 31 March 2017 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Trustees, Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Royal Botanic Gardens, Kew charity and group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Royal Botanic Gardens, Kew; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income 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.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Royal Botanic Gardens, Kew charity and group's affairs as at 31 March 2017 and of its net income and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 part 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.

**Sir Amyas C E Morse**

Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
5 July 2017

# Royal Botanic Gardens, Kew Statement 1

## Consolidated Statement of Financial Activities for the year ended 31 March 2017

|                                     | Notes | Unrestricted |             | Restricted |            | Endowment    |    | 2016/17      |             | Unrestricted |            | Restricted   |       | Endowment |    | 2015/16 |  |
|-------------------------------------|-------|--------------|-------------|------------|------------|--------------|----|--------------|-------------|--------------|------------|--------------|-------|-----------|----|---------|--|
|                                     |       | £m           | £m          | £m         | £m         | £m           | £m | Total        | £m          | £m           | £m         | £m           | Total | £m        | £m | £m      |  |
| <b>Income from:</b>                 |       |              |             |            |            |              |    |              |             |              |            |              |       |           |    |         |  |
| Grant in aid                        | 3     | 19.5         | 13.5        | -          | -          | 33.0         |    | 17.4         | 8.8         | -            | -          | 26.2         |       |           |    |         |  |
| Grants and donations                | 4     | 3.7          | 19.5        | -          | -          | 23.2         |    | 3.4          | 17.4        | -            | -          | 20.8         |       |           |    |         |  |
| Charitable activities               | 6     | 11.0         | -           | -          | -          | 11.0         |    | 9.7          | 0.1         | -            | -          | 9.8          |       |           |    |         |  |
| Other trading activities            | 5/16  | 10.7         | -           | -          | -          | 10.7         |    | 8.7          | -           | -            | -          | 8.7          |       |           |    |         |  |
| Investments                         |       | 0.0          | 0.0         | -          | -          | 0.0          |    | 0.1          | -           | -            | -          | 0.1          |       |           |    |         |  |
| <b>Total income</b>                 |       | <b>44.9</b>  | <b>33.0</b> | <b>-</b>   | <b>-</b>   | <b>77.9</b>  |    | <b>39.3</b>  | <b>26.3</b> | <b>-</b>     | <b>-</b>   | <b>65.6</b>  |       |           |    |         |  |
| <b>Expenditure on:</b>              |       |              |             |            |            |              |    |              |             |              |            |              |       |           |    |         |  |
| Raising funds – trading             | 7/16  | 7.0          | -           | -          | -          | 7.0          |    | 6.2          | -           | -            | -          | 6.2          |       |           |    |         |  |
| <b>Charitable activities</b>        |       |              |             |            |            |              |    |              |             |              |            |              |       |           |    |         |  |
| Research and conservation           | 7     | 25.9         | 21.6        | -          | -          | 47.5         |    | 24.7         | 15.6        | -            | -          | 40.3         |       |           |    |         |  |
| Visitor activities                  | 7     | 11.0         | 1.1         | -          | -          | 12.1         |    | 10.4         | 0.1         | -            | -          | 10.5         |       |           |    |         |  |
| <b>Total expenditure</b>            |       | <b>43.9</b>  | <b>22.7</b> | <b>-</b>   | <b>-</b>   | <b>66.6</b>  |    | <b>41.3</b>  | <b>15.7</b> | <b>-</b>     | <b>-</b>   | <b>57.0</b>  |       |           |    |         |  |
| Net gains / (losses) on investments |       | 1.2          | -           | -          | -          | 1.2          |    | -            | -           | -            | -          | -            |       |           |    |         |  |
| <b>Net income/ (expenditure)</b>    |       | <b>2.2</b>   | <b>10.3</b> | <b>-</b>   | <b>-</b>   | <b>12.5</b>  |    | <b>(2.0)</b> | <b>10.6</b> | <b>-</b>     | <b>-</b>   | <b>8.6</b>   |       |           |    |         |  |
| Revaluation of assets               |       | 5.4          | 0.0         | 0.0        | 0.0        | 5.4          |    | 15.4         | -           | -            | -          | 15.4         |       |           |    |         |  |
| <b>Net movement in funds</b>        | 17    | <b>7.6</b>   | <b>10.3</b> | <b>0.0</b> | <b>0.0</b> | <b>17.9</b>  |    | <b>13.4</b>  | <b>10.6</b> | <b>-</b>     | <b>-</b>   | <b>24.0</b>  |       |           |    |         |  |
| Total funds at 1 April              | 17    | 146.0        | 32.9        | 0.2        | 0.2        | 179.1        |    | 132.6        | 22.3        | 0.2          | 0.2        | 155.1        |       |           |    |         |  |
| <b>Total funds at 31 March</b>      | 17    | <b>153.6</b> | <b>43.2</b> | <b>0.2</b> | <b>0.2</b> | <b>197.0</b> |    | <b>146.0</b> | <b>32.9</b> | <b>0.2</b>   | <b>0.2</b> | <b>179.1</b> |       |           |    |         |  |

All activities arise from continuing operations.  
All recognised gains and losses have been included in the Statement of Financial Activities.  
The Notes on pages 28 to 37 form part of these accounts.


# Royal Botanic Gardens, Kew Statement 2

## Balance Sheets at 31 March 2017

|                                                         | Notes | Royal Botanic Gardens, Kew |       | Consolidated |       |
|---------------------------------------------------------|-------|----------------------------|-------|--------------|-------|
|                                                         |       | 2017                       | 2016  | 2017         | 2016  |
|                                                         |       | £m                         | £m    | £m           | £m    |
| <b>Fixed assets</b>                                     |       |                            |       |              |       |
| Intangible assets                                       | 10    | 3.1                        | 4.9   | 3.1          | 4.9   |
| Tangible assets                                         | 10    | 5.2                        | 4.7   | 5.2          | 4.7   |
| Heritage assets                                         | 11    | 178.0                      | 165.1 | 178.0        | 165.1 |
| Investments                                             | 12    | 4.1                        | 0.6   | 3.8          | 0.3   |
|                                                         |       | <b>190.4</b>               | 175.3 | <b>190.1</b> | 175.0 |
| <b>Current assets</b>                                   |       |                            |       |              |       |
| Stocks of goods for sale                                |       | 0.2                        | 0.1   | 0.8          | 0.6   |
| Debtors                                                 | 13    | 10.8                       | 8.1   | 6.8          | 5.6   |
| Cash at bank and in hand                                |       | 8.0                        | 4.1   | 12.9         | 7.3   |
|                                                         |       | <b>19.0</b>                | 12.3  | <b>20.5</b>  | 13.5  |
| <b>Liabilities</b>                                      |       |                            |       |              |       |
| Creditors: amounts falling due within one year          | 14    | (11.9)                     | (8.0) | (13.1)       | (8.9) |
| <b>Net current assets</b>                               |       | <b>7.1</b>                 | 4.3   | <b>7.4</b>   | 4.6   |
| <b>Total assets less current liabilities</b>            |       | <b>197.5</b>               | 179.6 | <b>197.5</b> | 179.6 |
| Creditors: amounts falling due after more than one year | 15    | (0.5)                      | (0.5) | (0.5)        | (0.5) |
| <b>Net assets</b>                                       |       | <b>197.0</b>               | 179.1 | <b>197.0</b> | 179.1 |
| <b>Funds</b>                                            |       |                            |       |              |       |
| Unrestricted general                                    | 17    | 40.6                       | 38.6  | 40.6         | 38.6  |
| Unrestricted revaluation                                | 17    | 113.0                      | 107.4 | 113.0        | 107.4 |
| Restricted                                              | 17    | 43.2                       | 32.9  | 43.2         | 32.9  |
| Endowment                                               | 17    | 0.2                        | 0.2   | 0.2          | 0.2   |
|                                                         |       | <b>197.0</b>               | 179.1 | <b>197.0</b> | 179.1 |

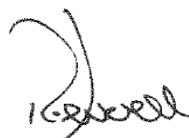
The Notes on pages 28 to 37 form part of these accounts.

The financial statements were approved by the Director and Board of Trustees on 15 June 2017 and signed on their behalf by:



**Marcus Agius**

Chairman of the Board of Trustees  
Royal Botanic Gardens, Kew  
15 June 2017



**Richard Deverell**

Director  
Royal Botanic Gardens, Kew  
15 June 2017

# Royal Botanic Gardens, Kew Statement 3

## Consolidated Cash Flow Statement for the year ended 31 March 2017

|                                                                    | Note | 2016/17<br>£m | 2015/16<br>£m |
|--------------------------------------------------------------------|------|---------------|---------------|
| <b>Cash flows from operating activities</b>                        |      |               |               |
| Net cash provided by operating activities                          | (a)  | 19.7          | 10.1          |
| <b>Cash flow from investing activities</b>                         |      |               |               |
| Dividends, interest and rents receivable                           |      | 0.1           | 0.1           |
| Purchase of property, plant and equipment                          |      | (14.2)        | (12.3)        |
| <b>Cash flow from financing activities</b>                         |      |               |               |
| Cash inflows from new borrowing                                    |      | -             | 0.5           |
| <b>Change in cash and cash equivalents in the reporting period</b> |      | <b>5.6</b>    | <b>(1.6)</b>  |
| Cash and cash equivalents at 1 April 2016                          | (b)  | 7.3           | 8.9           |
| <b>Cash and cash equivalents at 31 March 2017</b>                  |      | <b>12.9</b>   | <b>7.3</b>    |

### a) Reconciliation of net income to net cash flow from operating activities

|                                                  | 2016/17<br>£m | 2015/16<br>£m |
|--------------------------------------------------|---------------|---------------|
| Net income for the reporting period              | 12.5          | 8.6           |
| Depreciation charges                             | 5.6           | 3.9           |
| (Gains)/losses on investments                    | (1.2)         | -             |
| Loss on disposal of fixed assets                 | 0.1           | -             |
| Decrease / (increase) in stock                   | (0.2)         | (0.2)         |
| (Increase) / decrease in debtors                 | (1.2)         | (0.5)         |
| Increase / (decrease) in creditors               | 4.2           | (1.6)         |
| Dividends, interest and rents receivable         | (0.1)         | (0.1)         |
| <b>Net cash provided by operating activities</b> | <b>19.7</b>   | <b>10.1</b>   |

### b) Analysis of cash and cash equivalents

|                                        | 2016/17<br>£m | 2015/16<br>£m |
|----------------------------------------|---------------|---------------|
| Cash at bank and in hand               | 12.9          | 7.3           |
| <b>Total cash and cash equivalents</b> | <b>12.9</b>   | <b>7.3</b>    |

# Notes to the accounts year ended 31 March 2017

## 1 Form of accounts

As stated in the Statutory Information, these accounts have been prepared in the form directed by the Department for Environment, Food and Rural Affairs, on a going concern basis and in accordance with FRS102. Without limiting the information given, the accounts meet the accounting and disclosure requirements of applicable accounting standards so far as those requirements are appropriate, and comply with the Financial Reporting Manual to the extent that they are not in conflict with the FRS102 Statement of Recommended Practice, Accounting and Reporting by Charities (SORP). Royal Botanic Gardens, Kew is a public benefit entity.

## 2 Accounting policies

### Accounting convention

The accounts are prepared under the modified historical cost convention and fixed assets and investments are shown at their value to the business by reference to current costs.

### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Royal Botanic Gardens, Kew and its subsidiary RBG Kew Enterprises Limited for the year ended 31 March 2017. Consolidation has been carried out on a line-by-line basis.

The Foundation and Friends of the Royal Botanic Gardens, Kew and the Bentham-Moxon Trust have not been consolidated as, in the opinion of the Trustees, Kew does not have the ability to exercise control over these organisations.

### Income

#### Government grants

Grant-in-aid including capital grant is credited to income in the year for which it is received. Grant-in-aid received for a specific purpose is treated as restricted income (capital or revenue).

#### Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income received is deferred where the activity being funded has not taken place by 31 March in any year and the performance conditions are not yet met. Income is allocated to Restricted Income when it is given by the donor or grant maker for specific purposes.

#### Gifts in kind

Gifts in kind are valued at the estimated value to Kew of the service or goods received, based on the market price of an equivalent service or goods.

#### Investment income

Investment income comprises interest receivable from cash at bank and short term deposits, income from investments held in the Charities Official Investment Fund and income relating to investment properties

### Expenditure

Expenditure is accounted for on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities.

### Expense allocation

Costs are allocated to Research and Conservation and Visitor Activities in line with the objectives of Kew as set out in the Management Commentary.

Indirect costs have been allocated to the headings in the Statement of Financial Activities on the basis of headcount except for IT costs which have been allocated on the basis of computer numbers. Governance costs include the costs of strategic planning, the Annual Report and Accounts, the external audit fee and Trustees' expenses.

### Heritage assets

The land and buildings and collections used by Kew are Heritage Assets as defined by Financial Reporting Standard 102 (section 34) and are accounted for in accordance with this as set out below.

#### Land and buildings

The Board of Trustees does not hold title to the land and buildings used by the Royal Botanic Gardens, Kew, except for the Welcome Trust Millennium Building and the land it is situated on, and the adjacent Havelock Farm, which was acquired in 2012/13. The remaining land and buildings are owned by the Crown at Kew and by the National Trust at Wakehurst. As required by FRS102, existing buildings and their associated land used for fundraising, administration or accommodation purposes plus the Welcome Trust Millennium Building were valued and capitalised on the Balance Sheet at 31 March 2001 (Note 11). Subsequent additions are included initially at cost.

Land and buildings are revalued every five years by external professionally qualified valuers, on the basis of either open market value for existing use or depreciated replacement cost. Professional revaluations were carried out during 2001/02, 2006/07, 2011/12 and 2016/17. In between professional revaluations, values are updated using indices provided by the professional valuers. With the exception of those buildings used for fundraising, administration or accommodation purposes, Kew has not capitalised heritage buildings acquired before 2001/02. Under FRS30 this is allowable where it is considered that the cost of obtaining valuations for other existing buildings would be onerous compared to the benefit to the readers of the Accounts. Expenditure on new buildings over £0.25m is capitalised.

#### Collections

The Board of Trustees has reviewed the costs of valuing the heritage assets by collection including, in particular, the staff time involved and consider that the cost of obtaining valuations for all existing collections would be onerous, because of the time it would take, compared to the benefit to the readers of the Accounts. Therefore no values have been placed on these as allowed by section 34 FRS102. New items to the collections costing more than £2,000 and acquired after 2001, are capitalised.

Collections are unlikely to depreciate and are expected to have a life in excess of 50 years so no depreciation is provided against them. Impairment reviews of these collections are undertaken on a five year basis and when changes in circumstances dictate.

#### **Other fixed assets**

Other fixed assets are stated at their value to the business by reference to cost less depreciation (previously at current costs). Historical costs are not disclosed as required by the FRS102 as, in the view of the Accounting Officer and the Board of Trustees, this adds no information of value to the Accounts.

#### **Depreciation**

Capital items costing more than £2,000 are capitalised as fixed assets. Depreciation is provided on all fixed assets, except land and collections, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

**Buildings:** between 20 and 80 years

**Gardens equipment:** between 5 and 20 years

**Scientific and laboratory equipment:** over 10 years

**Computer and photographic equipment:** between 3 and 10 years

**Office equipment and motor vehicles:** over 5 years

A full month (year in the case of buildings) of depreciation is charged in the month of disposal and none in the month of acquisition. The carrying value of tangible fixed assets is reviewed for impairment when events and or changes in circumstances indicate the carrying value may not be recoverable.

#### **Construction in progress**

Internally generated assets are recognised as construction in progress, and not depreciated until the completed asset is brought into service.

#### **Research and Development**

Expenditure on research activities is written off as incurred, due to the inherent uncertainty surrounding the economic benefit resulting from the asset. Capitalisation of development costs is contingent on fulfilment of the criteria noted in IAS 38 (Intangible Assets).

#### **Intangible fixed assets**

When fully operational in the business, internally generated software is stated at fair value, which is depreciated replacement cost. Values are updated annually using appropriate indices. Assets in construction are not amortised until brought into use. IT software assets are amortised over a 3 year period.

#### **Current assets**

Stock is stated at the lower of cost and net realisable value. Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

#### **Pensions**

Pension arrangements are described in Note 20 to the accounts.

Pension contributions payable by Kew are expensed as incurred.

#### **Investments**

Investments are stated at current market value at the balance sheet date. Valuations are kept up-to-date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities only includes unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. As explained in the fixed asset accounting policy note, historical cost disclosures have not been provided.

#### **Net liquid resources**

Liquid resources comprise short term cash deposits. All cash is held in commercial banks and none with the Government Banking Service.

#### **Reserves**

Reserves are analysed under the headings Unrestricted, Restricted and Endowment Funds.

#### **General reserves**

The Board of Trustees, with the approval of the Secretary of State for Environment, Food and Rural Affairs, may undertake certain activities the proceeds from which, together with donations and funds from other sources, including those profits of RBG Kew Enterprises Limited which have been covenanted to Kew, but excluding Grant-in-aid, are taken to the General Reserves. These funds may be used at the Board's discretion within the terms of section 24 of the National Heritage Act 1983.

#### **Restricted funds**

These are funds which have been given to Kew for specific purposes by donors.

#### **Endowment funds**

These are capital funds where Trustees have no power to convert the capital to income. However, the income generated by these funds can be used for the purposes for which the endowment was given.

#### **Revaluation reserve**

This represents the cumulative difference between historic and current costs of fixed assets. Where this relates to unrestricted assets, it forms part of the unrestricted reserve. Where this relates to restricted assets, it forms part of the restricted reserve.

#### **Taxation**

The Royal Botanic Gardens, Kew is an exempt charity as a consequence of Schedule 5 subsection 4 of the National Heritage Act 1983. RBG Kew Enterprises Limited covenants most of its profits to the Royal Botanic Gardens, Kew and consequently only a small amount of taxation may be payable, mainly due to timing differences. The Royal Botanic Gardens, Kew and RBG Kew Enterprises Limited are group registered for VAT purposes and are able to recover part of their input VAT, and all VAT balances are processed through RBG Kew.

#### **Leases**

Royal Botanic Gardens Kew has no finance leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis.

### 3 Grant-in-aid

Grant-in-aid of £33m was received from Defra in 2016/17 to carry out its statutory functions as outlined in the Management Commentary (2015/16 £26.2m). Of this £13.5m is restricted to specific revenue and capital projects (2015/16 £8.8m).

### 4 Grants and donations

|                                       | Unrestricted | Restricted  | 2016/17     | 2015/16     |
|---------------------------------------|--------------|-------------|-------------|-------------|
|                                       | £m           | £m          | £m          | £m          |
| Income received from Kew Foundation   | 3.7          | 16.4        | 20.1        | 17.2        |
| Other project income                  | -            | 2.3         | 2.3         | 2.8         |
| EU project income                     | -            | 0.5         | 0.5         | 0.5         |
| Grant for maintaining Wakehurst Place | -            | 0.1         | 0.1         | 0.1         |
| Donations                             | -            | 0.2         | 0.2         | 0.2         |
|                                       | <b>3.7</b>   | <b>19.5</b> | <b>23.2</b> | <b>20.8</b> |

### 8 Support costs

|                                 | Staff Cost | Other Direct | Total 2016/17 | Total 2015/16 |
|---------------------------------|------------|--------------|---------------|---------------|
|                                 | £m         | £m           | £m            | £m            |
| Estates and Capital Development | 1.5        | 8.4          | 9.9           | 7.4           |
| IT                              | 1.8        | 1.3          | 3.1           | 2.6           |
| HR                              | 0.6        | 0.4          | 1.0           | 1.0           |
| Directorate                     | 0.6        | 0.1          | 0.7           | 0.8           |
| Finance                         | 0.9        | 0.2          | 1.1           | 1.1           |
| Strategy and external affairs   | 0.6        | 0.2          | 0.8           | 0.8           |
| Governance                      | 0.1        | 0.1          | 0.2           | 0.2           |
| Other support                   | 0.3        | 0.2          | 0.5           | 0.3           |
|                                 | <b>6.4</b> | <b>10.9</b>  | <b>17.3</b>   | <b>14.2</b>   |

### 5 Other trading activities

|                            | 2016/17     | 2015/16    |
|----------------------------|-------------|------------|
|                            | £m          | £m         |
| Retailing                  | 4.3         | 3.3        |
| Commercial development (i) | 6.4         | 5.4        |
|                            | <b>10.7</b> | <b>8.7</b> |

(i) Commercial development consists of concerts, events, licensing and venue hire.

### 6 Income from charitable activities

|                                 | 2016/17     | 2015/16    |
|---------------------------------|-------------|------------|
|                                 | £m          | £m         |
| Admissions                      | 7.6         | 6.4        |
| Catering contracts              | 0.7         | 0.8        |
| Education charges               | 0.5         | 0.4        |
| Other income from third parties | 2.2         | 2.2        |
|                                 | <b>11.0</b> | <b>9.8</b> |

Other income from third parties consists of supplies made of goods and services from, amongst other things, consultancies, provision of photographs, reproduction fees and identification services and rents receivable.

### 7 Expenditure

|                           | Staff Costs | Dep'n      | Direct Costs | Grant Funding | Support Costs | 2016/17 Total | 2015/16 Total |
|---------------------------|-------------|------------|--------------|---------------|---------------|---------------|---------------|
|                           | £m          | £m         | £m           | £m            | £m            | £m            | £m            |
| Raising funds - trading   | 2.0         | -          | 5.0          | -             | -             | 7.0           | 6.2           |
| Research and conservation | 19.1        | 4.1        | 7.1          | 2.6           | 14.6          | 47.5          | 40.3          |
| Visitor activities        | 4.2         | 1.5        | 3.7          | -             | 2.7           | 12.1          | 10.5          |
| Support costs             | 6.4         | -          | 10.9         | -             | (17.3)        | -             | -             |
|                           | <b>31.7</b> | <b>5.6</b> | <b>26.7</b>  | <b>2.6</b>    | <b>-</b>      | <b>66.6</b>   | <b>57.0</b>   |

Unrecovered VAT for the year of £0.5m has been charged against these accounts (2015/16 £0.4m). £60k (2015/16 £56k) was paid to the external auditors for audit fees. £43k (2015/16 £41k) was paid for the audit of RBG Kew, and £17k (2015/16 £15k) for the audit of RBG Kew Enterprises. No other fees were paid to the external auditors. Grant funding of activity are grants to institutions for botanic research and conservation projects.



## 9 Staff costs and trustees' emoluments

### a) Employees with earnings above £60,000

|                    | 2016/17   | 2015/16   |
|--------------------|-----------|-----------|
| £60,000 – 69,999   | 15        | 15        |
| £70,000 – 79,999   | 2         | 3         |
| £80,000 – 89,999   | 3         | 5         |
| £90,000 – 99,999   | 2         | 1         |
| £100,000 – 109,999 | 1         | 2         |
| £110,000 – 119,999 | 2         | -         |
| £130,000 - 139,999 | -         | -         |
| £140,000 – 149,999 | 1         | 1         |
|                    | <b>26</b> | <b>27</b> |

Details of senior staff remuneration can be found in the Remuneration Report.

### b) Staff salaries and social security

|                                      | 2016/17     | 2015/16     |
|--------------------------------------|-------------|-------------|
|                                      | £m          | £m          |
| Salaries                             | 23.3        | 21.8        |
| Social security costs                | 2.3         | 1.6         |
| Pension costs                        | 4.3         | 4.0         |
| Redundancy and severance costs       | 0.6         | 0.3         |
| Total staff costs                    | <b>30.5</b> | <b>27.7</b> |
| Agency staff costs                   | 1.5         | 1.8         |
| Capitalised salary and related costs | (0.3)       | (0.6)       |
| Net employee costs                   | <b>31.7</b> | <b>28.9</b> |

£0.2m salary and social security costs (2015/16: £0.3m) and £0.1m pension costs (2015/16: £0.1m) have been capitalised within Non-Current Assets. There are £0.0m (2015/16: £0.2m) of agency staff costs which have also been capitalised.

### c) Reporting of Compensation Schemes – Voluntary Exit Packages

| Number of employees at:              | Total Number of Voluntary Exit Packages |            |
|--------------------------------------|-----------------------------------------|------------|
|                                      | 2016/17                                 | 2015/16    |
| Less than £10,000                    | 3                                       | 16         |
| £10,000 to £25,000                   | 1                                       | 5          |
| £25,000 to £50,000                   | -                                       | -          |
| £50,000 to £100,000                  | -                                       | 1          |
| £100,000 to £150,000                 | -                                       | -          |
| £200,000 to £250,000                 | -                                       | 1          |
| <b>Total Number of Exit Packages</b> | <b>4</b>                                | <b>23</b>  |
| <b>Total Resource Cost (£m)</b>      | <b>0.0</b>                              | <b>0.3</b> |

### d) The average monthly number of employees during the year, full-time equivalents, analysed by function

| Function                                | Average monthly FTE |            |
|-----------------------------------------|---------------------|------------|
|                                         | 2016/17             | 2015/16    |
| Botanical                               | 252                 | 235        |
| Horticulture                            | 191                 | 189        |
| Visitor services and marketing          | 73                  | 92         |
| Information services                    | 67                  | 77         |
| Support services and Estates management | 77                  | 67         |
| Directorate                             | 10                  | 14         |
| RBG Kew Enterprises Ltd                 | 53                  | 55         |
| <b>Total (FTE)</b>                      | <b>723</b>          | <b>729</b> |

The number of employees includes 13 agency staff for 2016/17 (2015/16: 26). The costs of the equivalent of 5 full-time employees (2015/16: 13 employees) were capitalised within Non-Current Assets.

### e) Trustees' remuneration

Trustees do not receive any remuneration for their services. Travel and subsistence expenses of four Trustees (two in 2015/16) amounting to £2,664 (£2,279 in 2015/16) have been charged at cost as part of other direct costs.

10 Intangible and tangible assets Royal Botanic Gardens, Kew and Consolidated

|                         | Software   | IT Work in Progress | Total Intangible Assets | Gardens Equipment | IT Equipment | Other      | Work in Progress | Total Tangible Assets |
|-------------------------|------------|---------------------|-------------------------|-------------------|--------------|------------|------------------|-----------------------|
| Valuation               | £m         | £m                  | £m                      | £m                | £m           | £m         | £m               | £m                    |
| At 1 April 2016         | 5.4        | 1.1                 | 6.5                     | 5.0               | 2.9          | 8.4        | -                | 16.3                  |
| Additions               | 0.0        | 0.0                 | -                       | 0.1               | 0.3          | 1.2        | -                | 1.6                   |
| Disposals               | -          | -                   | -                       | 0.0               | (1.1)        | (0.5)      | -                | (1.6)                 |
| Transfers               | 1.1        | (1.1)               | -                       | 0.1               | -            | -          | -                | 0.1                   |
| <b>At 31 March 2017</b> | <b>6.5</b> | <b>0.0</b>          | <b>6.5</b>              | <b>5.2</b>        | <b>2.1</b>   | <b>9.1</b> | <b>-</b>         | <b>16.4</b>           |
| <b>Depreciation</b>     |            |                     |                         |                   |              |            |                  |                       |
| At 1 April 2016         | 1.6        | -                   | 1.6                     | 3.0               | 2.4          | 6.2        | -                | 11.6                  |
| Charge for the year     | 1.8        | -                   | 1.8                     | 0.3               | 0.2          | 0.6        | -                | 1.1                   |
| Disposals               | -          | -                   | -                       | 0.0               | (1.0)        | (0.5)      | -                | (1.5)                 |
| <b>At 31 March 2017</b> | <b>3.4</b> | <b>-</b>            | <b>3.4</b>              | <b>3.3</b>        | <b>1.6</b>   | <b>6.3</b> | <b>-</b>         | <b>11.2</b>           |
| <b>Net book value</b>   |            |                     |                         |                   |              |            |                  |                       |
| <b>At 31 March 2017</b> | <b>3.1</b> | <b>0.0</b>          | <b>3.1</b>              | <b>1.9</b>        | <b>0.5</b>   | <b>2.8</b> | <b>-</b>         | <b>5.2</b>            |
| At 31 March 2016        | 3.8        | 1.1                 | 4.9                     | 2.0               | 0.5          | 2.2        | -                | 4.7                   |

11 Heritage assets

|                              | Land        | Dwellings   | Buildings   | Collections | Assets under construction – Temperate House restoration | Assets under construction – other | Total        |
|------------------------------|-------------|-------------|-------------|-------------|---------------------------------------------------------|-----------------------------------|--------------|
| Valuation                    | £m          | £m          | £m          | £m          | £m                                                      | £m                                | £m           |
| At 1 April 2016              | 48.0        | 16.5        | 123.2       | 0.3         | 12.1                                                    | 3.1                               | 203.2        |
| Additions                    | -           | -           | -           | -           | 10.3                                                    | 2.2                               | 12.5         |
| Transfers                    | -           | 0.5         | 3.1         | -           | -                                                       | (3.7)                             | (0.1)        |
| Revaluation                  | (4.1)       | 3.4         | (33.9)      | -           | -                                                       | -                                 | (34.6)       |
| Investment property transfer | -           | (2.8)       | -           | -           | -                                                       | -                                 | (2.8)        |
| <b>At 31 March 2017</b>      | <b>43.9</b> | <b>17.6</b> | <b>92.4</b> | <b>0.3</b>  | <b>22.4</b>                                             | <b>1.6</b>                        | <b>178.2</b> |
| <b>Depreciation</b>          |             |             |             |             |                                                         |                                   |              |
| At 1 April 2016              | -           | 4.2         | 33.9        | -           | -                                                       | -                                 | 38.1         |
| Charge for the year          | -           | 0.3         | 2.4         | -           | -                                                       | -                                 | 2.7          |
| Revaluation                  | -           | (3.9)       | (36.1)      | -           | -                                                       | -                                 | (40.0)       |
| Investment property transfer | -           | (0.6)       | 0.0         | -           | -                                                       | -                                 | (0.6)        |
| <b>At 31 March 2017</b>      | <b>-</b>    | <b>-</b>    | <b>0.2</b>  | <b>-</b>    | <b>-</b>                                                | <b>-</b>                          | <b>0.2</b>   |
| <b>Net book value</b>        |             |             |             |             |                                                         |                                   |              |
| <b>At 31 March 2017</b>      | <b>43.9</b> | <b>17.6</b> | <b>92.2</b> | <b>0.3</b>  | <b>22.4</b>                                             | <b>1.6</b>                        | <b>178.0</b> |
| At 31 March 2016             | 48.0        | 12.3        | 89.3        | 0.3         | 12.1                                                    | 3.1                               | 165.1        |

The valuations of the land and buildings were carried out by Montagu Evans in March 2017. The valuations were made on an existing use basis at 31 March 2017 and were prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The land was valued at £43.9m and the buildings at £109.8m (previously the land was valued at £36.1m and the buildings at £76.6m at 31 March 2012). All heritage asset categories have been revalued with the exception of Collections.

## 11 Heritage assets (continued)

As explained in Note 2 existing buildings at 31 March 2001 that are not used for fundraising, administration or accommodation purposes have not been capitalised, and Kew's collections have not been capitalised, as allowed by section 34 FRS102. The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst site of 202 hectares is in an Area of Outstanding Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Mansion – and there are 37 Grade II listed buildings. The age of the buildings ranges from the 19<sup>th</sup> century through to the 21<sup>st</sup> century. RBG Kew occupies Crown land and buildings and does not currently have express obligations to undertake and hence provide for ongoing or accumulated maintenance for that land and buildings. Maintenance is undertaken and paid for in cooperation with Defra. RBG Kew has a five year Forward Maintenance and Replacement Programme for its estate. Funds available for maintenance are prioritised by the Executive Board to the most urgent needs. In 2016/17 £3.6m estates capital work in progress was transferred to heritage building assets (2015/16 £1.3m). A project to restore the Temperate House is underway, supported by a grant from the Heritage Lottery Fund and further funding from Defra (underwriting) and the Foundation. Costs to 31 March 2014 (primarily relating to design) were expensed. Planning permission and funding for the project was confirmed and costs incurred subsequently have been capitalised as assets under construction.

All new land and buildings above the capitalisation threshold have been included in the balance sheet since April 2001 and transactions over the last five years are summarised below.

|                                               | 2012/13      | 2013/14      | 2014/15      | 2015/16      | 2016/17       |
|-----------------------------------------------|--------------|--------------|--------------|--------------|---------------|
|                                               | £m           | £m           | £m           | £m           | £m            |
| <b>Valuation</b>                              |              |              |              |              |               |
| At 1 April                                    | 139.5        | 142.8        | 153.3        | 173.2        | <b>202.9</b>  |
| Cost of additions funded by Government Grants | -            | -            | 3.6          | 5.1          | <b>4.9</b>    |
| Cost of additions funded by other sources     | 0.8          | -            | 1.4          | 6.4          | <b>7.6</b>    |
| Disposals                                     | -            | -            | 1.9          | -            | -             |
| Revaluations                                  | 2.5          | 10.5         | 13.0         | 18.2         | <b>(34.6)</b> |
| Transfers                                     | -            | -            | -            | -            | <b>(2.9)</b>  |
| <b>At 31 March</b>                            | <b>142.8</b> | <b>153.3</b> | <b>173.2</b> | <b>202.9</b> | <b>177.9</b>  |

Kew manages its collections as national reference collections as required by the National Heritage Act 1984. There are 19 separate collections recognised, but they combine into six main areas as follows:

1. Herbarium collections: these consist of herbarium specimens (dried pressed specimens), spirit preserved specimens and mycological specimens.
2. Economic Botany collections: items and artefacts that demonstrate the use of plants.
3. Library, Art and Archives collections: these include books, periodicals, pamphlets, prints and drawings, objects d'art, handwritten material and photographs relating to the history of Kew.
4. Living collections: all plants cultivated at Kew and Wakehurst.
5. Seed collections: all the living seeds collected as part of the

project and stored in the Millennium Seed Bank building at Wakehurst, and the reference seed collections.

6. Microscope Slides collections: these relate to plant anatomy, palynology, cytogenetics and mycology.

There is extensive information about Kew's collections available on the internet at <http://www.kew.org/science-conservation/collections> and a brief summary for each of the main areas follows:

The Herbarium collections total approximately 8.3 million specimens. They are actively managed by the scientists at Kew and are added to each year from collecting expeditions by Kew staff and other institutions.

The Economic Botany collections are fully catalogued and consist of approximately 91,500 items added to annually with items from all around the world. All the collections are available for inspection and there is also a permanent display of items for the general public in Museum No.1 in the Gardens.

The Library, Art and Archives collections consist of over 8 million items, of which 7 million are archive sheets, and together they represent one of the most important botanical reference sources in the world. The Library Reading Room is open to the public and parts of the art collection are on show to the public in changing displays in the Shirley Sherwood Gallery of Botanical Art and the permanent display in the Marianne North Gallery.

The Herbarium, Economic Botany and Library and Archives collections are being made available via ongoing digitisation projects to wider audiences and are accessible through the internet.

The Living collections are fully catalogued and managed by the horticulturists at Kew and Wakehurst. They provide a reference source for all botanical and horticultural science within Kew, with approximately 69,000 accessions representing 28,000 taxa.

Kew's Millennium Seed Bank at Wakehurst is the result of one of Kew's most successful projects and holds Kew's Seed collection of approximately 57,000 samples representing 342 families and 30,000 species, made up of 1.6 billion seeds.

The Microscope Slide collections total about 200,000 items and continue to be prepared by Kew's scientists as part of their research leading to publications and as part of their identification work, including advisory work for UK Customs.

All of Kew's collections are actively managed and used for research purposes. The numbers of additions in the last four years are as follows:

|                                       | 2013/14 | 2014/15 | 2015/16 | 2016/17       |
|---------------------------------------|---------|---------|---------|---------------|
| Herbarium collections                 | 45,326  | 27,062  | 31,724  | <b>30,942</b> |
| Economic Botany collections           | 35      | 885     | 795     | <b>394</b>    |
| Library, Art and Archives collections | 13,154  | 11,714  | 20,138  | <b>9,079</b>  |
| Living collections                    | 1,345   | 1,918   | 2,425   | <b>2,392</b>  |
| Seed collections                      | 6,907   | 4,411   | 3,690   | <b>4,021</b>  |
| Microscope Slides collections         | 3,675   | 630     | 1,700   | <b>1,265</b>  |

The majority of Kew's collections are held indefinitely and cared for to maintain their quality and to make them available for research and to the public as appropriate. In relation to the Living Collections, Kew's disposal procedures detail the factors to be considered including the conservation rating of the plant and if it is in cultivation in other Botanic Gardens.

## 12 Investments

|                                      | Royal Botanic Gardens Kew |      | Consolidated |      |
|--------------------------------------|---------------------------|------|--------------|------|
|                                      | 2017                      | 2016 | 2017         | 2016 |
|                                      | £m                        | £m   | £m           | £m   |
| Valuation at 1 April                 | 0.6                       | 0.6  | 0.3          | 0.3  |
| Revaluation                          | 0.1                       | 0.0  | 0.1          | 0.0  |
| Investment properties                | 2.2                       | -    | 2.2          | -    |
| Revaluation of investment properties | 1.2                       | -    | 1.2          | -    |
|                                      | <b>4.1</b>                | 0.6  | <b>3.8</b>   | 0.3  |

Investments includes three properties that are now being commercially let. These were heritage assets and reclassified to investment properties with a NBV of £2.2m and were subsequently revalued at 31<sup>st</sup> March with a gain of £1.2m. The valuation was carried out by Montagu Evans in March 2017. Kew is not able to sell these properties.

### Investments at 31 March are analysed as follows:

|                                    | Royal Botanic Gardens Kew |      | Consolidated |      |
|------------------------------------|---------------------------|------|--------------|------|
|                                    | 2017                      | 2016 | 2017         | 2016 |
|                                    | £m                        | £m   | £m           | £m   |
| RBG Kew Enterprises Ltd            | 0.3                       | 0.3  | -            | -    |
| Charities Official Investment Fund | 0.4                       | 0.3  | 0.4          | 0.3  |
| Investment properties              | 3.4                       | -    | 3.4          | -    |
|                                    | <b>4.1</b>                | 0.6  | <b>3.8</b>   | 0.3  |

## 13 Debtors

|                                | Royal Botanic Gardens Kew |      | Consolidated |      |
|--------------------------------|---------------------------|------|--------------|------|
|                                | 2017                      | 2016 | 2017         | 2016 |
|                                | £m                        | £m   | £m           | £m   |
| Trade debtors                  | 1.3                       | 1.0  | 1.5          | 1.5  |
| Prepayments and accrued income | 0.9                       | 0.6  | 1.3          | 0.8  |
| Owed by subsidiary             | 4.6                       | 3.2  | -            | -    |
| Owed by the Foundation         | 2.9                       | 2.3  | 2.9          | 2.3  |
| VAT (HMRC)                     | 0.7                       | 0.6  | 0.7          | 0.6  |
| Other                          | 0.4                       | 0.4  | 0.4          | 0.4  |
| <b>Total Debtors</b>           | <b>10.8</b>               | 8.1  | <b>6.8</b>   | 5.6  |

### Intra Government Bodies:

|                                             |             |     |            |     |
|---------------------------------------------|-------------|-----|------------|-----|
| Balances with Central Govt. Bodies          | 1.1         | 0.9 | 1.1        | 0.9 |
| Balances with Local Authorities             | -           | -   | -          | -   |
| Balances with Public Corporations           | -           | -   | -          | -   |
| Balances with Bodies External to Government | 9.7         | 7.2 | 5.7        | 4.7 |
| <b>Total Debtors</b>                        | <b>10.8</b> | 8.1 | <b>6.8</b> | 5.6 |

## 14 Creditors: Amounts falling due within one year

|                                             | Royal Botanic Gardens |      | Consolidated |      |
|---------------------------------------------|-----------------------|------|--------------|------|
|                                             | 2017                  | 2016 | 2017         | 2016 |
|                                             | £m                    | £m   | £m           | £m   |
| Trade creditors                             | 0.8                   | 0.6  | 0.9          | 0.8  |
| Accruals & Deferred Income                  | 9.4                   | 6.5  | 10.4         | 7.1  |
| Other                                       | 0.7                   | 0.1  | 0.7          | 0.1  |
| Tax & NI                                    | 0.5                   | 0.4  | 0.6          | 0.5  |
| Pension                                     | 0.5                   | 0.4  | 0.5          | 0.4  |
| <b>Total Creditors</b>                      | <b>11.9</b>           | 8.0  | <b>13.1</b>  | 8.9  |
| <b>Intra Government Bodies:</b>             |                       |      |              |      |
| Balances with Central Govt. Bodies          | 1.0                   | 0.9  | 1.1          | 0.9  |
| Balances with Local Authorities             | -                     | -    | -            | -    |
| Balances with Public Corporations           | -                     | -    | -            | -    |
| Balances with Bodies External to Government | 10.9                  | 7.1  | 12.0         | 8.0  |
| <b>Total Creditors</b>                      | <b>11.9</b>           | 8.0  | <b>13.1</b>  | 8.9  |

Deferred income relates to income where the activity being funded has not taken place by 31 March in any year and the performance conditions are not yet met. At 31 March 2016 deferred income was £1.9m. During 2016/17 £6.6m was deferred in the year and £6.4m released. At 31 March 2017 deferred income was £2.1m.

At 31 March 2017 other creditors include £0.03m for a loan for energy saving measures which is repayable as the savings are realised (£0.03m in 2015/16).

## 15 Creditors: Amounts falling due after more than one year

|                                    | Royal Botanic Gardens |      | Consolidated |      |
|------------------------------------|-----------------------|------|--------------|------|
|                                    | 2017                  | 2016 | 2017         | 2016 |
|                                    | £m                    | £m   | £m           | £m   |
| Loan                               | 0.5                   | 0.5  | 0.5          | 0.5  |
| <b>Intra Government Bodies:</b>    |                       |      |              |      |
| Balances with Central Govt. Bodies | 0.5                   | 0.5  | 0.5          | 0.5  |

In 2015/16 RBG Kew borrowed £0.5m from Defra as part of the government voted loan scheme to refurbish two of its residential properties for commercial letting. The interest rate is the National Loans Fund interest rate and was fixed at 1.78%. The loan will be repaid over 12 years from the rental income generated with the first instalment repaid in April 2016.

## 16 Trading subsidiary

### The subsidiary undertaking is as follows:

**Name** RBG Kew Enterprises Limited

**Registered in** England & Wales Company Number 2798886

**Registered address** Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AB

**Activity** Retailing and commercial development

**Proportion of shares held** Ordinary and Redeemable shares 100%

A summary of the results of the subsidiary is shown below. All values are at historic costs.

|                                                                  | 2016/17<br>£m | 2015/16<br>£m |
|------------------------------------------------------------------|---------------|---------------|
| Activities for generating funds – trading                        | 10.7          | 8.7           |
| Costs of generating funds – trading                              | (7.0)         | (6.2)         |
| <b>Net surplus</b>                                               | <b>3.7</b>    | <b>2.5</b>    |
| Add back consolidation adjustments<br>(intercompany expenditure) | (0.6)         | (0.5)         |
| <b>Net surplus excluding adjustments</b>                         | <b>3.1</b>    | <b>2.0</b>    |
| Gift Aid payable to Kew                                          | (3.1)         | (2.0)         |
| <b>Retained in the subsidiary</b>                                | <b>-</b>      | <b>-</b>      |
| <b>Balance sheet</b>                                             |               |               |
| Current assets                                                   | 6.1           | 4.4           |
| Current liabilities                                              | (5.8)         | (4.1)         |
|                                                                  | 0.3           | 0.3           |
| <b>Share capital and reserves</b>                                | <b>0.3</b>    | <b>0.3</b>    |

## 17 Statement of funds: Royal Botanic Gardens, Kew and Consolidated

|                             | At 1 April 2016 | Income      | Expenditure   | Revaluation | Transfers | At 31 March 2017 |
|-----------------------------|-----------------|-------------|---------------|-------------|-----------|------------------|
|                             | £m              | £m          | £m            | £m          | £m        | £m               |
| <b>Unrestricted</b>         |                 |             |               |             |           |                  |
| General – other             | 3.7             | 44.5        | (40.5)        | -           | (3.3)     | 4.4              |
| General–capital & Projects  | 34.9            | 0.4         | (2.4)         | -           | 3.3       | 36.2             |
| Capital Revaluation Reserve | 107.4           | -           | (1.0)         | 5.4         | (1.8)     | 110.0            |
| Investment properties       | -               | -           | -             | 1.2         | 1.8       | 3.0              |
| <b>Total Unrestricted</b>   | <b>146.0</b>    | <b>44.9</b> | <b>(43.9)</b> | <b>6.6</b>  | <b>-</b>  | <b>153.6</b>     |
| <b>Restricted</b>           |                 |             |               |             |           |                  |
| General–capital             | 32.1            | 12.4        | (2.3)         | -           | -         | 42.2             |
| Donations                   | 0.8             | 0.2         | -             | -           | -         | 1.0              |
| Projects                    | -               | 20.4        | (20.4)        | -           | -         | -                |
| <b>Total Restricted</b>     | <b>32.9</b>     | <b>33.0</b> | <b>(22.7)</b> | <b>-</b>    | <b>-</b>  | <b>43.2</b>      |
| <b>Endowment</b>            |                 |             |               |             |           |                  |
| Scott-Marshall              | 0.2             | -           | -             | 0.0         | -         | 0.2              |
| Robin Spare Book Fund       | 0.0             | -           | -             | -           | -         | 0.0              |
| <b>Total Endowment</b>      | <b>0.2</b>      | <b>-</b>    | <b>-</b>      | <b>-</b>    | <b>-</b>  | <b>0.2</b>       |
| <b>Total Reserves</b>       | <b>179.1</b>    | <b>77.9</b> | <b>(66.6)</b> | <b>6.6</b>  | <b>-</b>  | <b>197.0</b>     |

£3.3m was transferred from the Unrestricted General other to Unrestricted General capital and projects reserves to cover future expenditure on depreciation for capital expenditure incurred in the year and for future expenditure on capital and other projects.

The addition to restricted capital funds reflects restricted grants received during the year for capital expenditure. The addition to unrestricted capital funds reflect unrestricted funds used for capital expenditure. Expenditure reflects the depreciation of those assets and any loss on disposal for the year.

Investment properties includes three properties that have been transferred from Heritage assets following a reclassification of their purpose. The

reserve includes the revaluation of these properties.

The Donations fund represents money given mainly by members of the public for specific purposes ranging from the purchase of books for the Library to money to support different parts of the Gardens. There are 4 different accounts within Donations (2015/16 4).

Projects are where RBG Kew receives money from third parties to fund various activities such as specific areas of research, developments in the gardens, restoration of buildings etc., much of this money coming via the Foundation. There were over 100 such projects this year.

The income from the Scott-Marshall endowment is to be used to provide travel scholarships for horticultural staff at RBG Kew.

## 18 Analysis of net assets between funds

|                     | Unrestricted | Restricted  | Endowment  | Total        |
|---------------------|--------------|-------------|------------|--------------|
|                     | £m           | £m          | £m         | £m           |
| General – Other     | 4.4          | 1.0         | 0.1        | 5.5          |
| General – Capital   | 36.2         | 42.2        | -          | 78.4         |
| Revaluation Reserve | 113.0        | 0.0         | 0.1        | 113.1        |
|                     | <b>153.6</b> | <b>43.2</b> | <b>0.2</b> | <b>197.0</b> |

## 19 Analysis of funds

|                                                   | Unrestricted | Restricted  | Endowment  | Total        |
|---------------------------------------------------|--------------|-------------|------------|--------------|
|                                                   | £m           | £m          | £m         | £m           |
| Reserves balances at 31 March are represented by: |              |             |            |              |
| Fixed Assets                                      | 143.6        | 42.7        | -          | 186.3        |
| Investments                                       | 3.4          | 0.2         | 0.2        | 3.8          |
| Current Assets                                    | 13.8         | 6.7         | -          | 20.5         |
| Creditors                                         | (7.2)        | (6.4)       | -          | (13.6)       |
|                                                   | <b>153.6</b> | <b>43.2</b> | <b>0.2</b> | <b>197.0</b> |

## 20 Pension Costs

The staff of RBG Kew are members of the Principal Civil Service Pension Scheme (PCSPS). As the PCSPS is an unfunded multi-employer defined benefit scheme, Kew is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation

([www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)).

For the year ended 31 March 2017, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 20.0% to 24.3% of pensionable pay, based on salary bands (20.0% to 24.3% in 2015/16). The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2017 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Total employer contributions to the PCSPS were £4.1m (£3.8m in 2015/16).

In addition RBG Kew operates a PCSPS defined contribution (partnership) scheme. It made £0.1m (£0.1m in 2015/16) contributions to this scheme during the year. At 31 March 2017 51 staff were members.

RBG Kew Enterprises Ltd operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme. It made pension contributions of £0.1m (£0.1m in 2015/16) to this scheme during the year. 125 staff were members of the defined contribution scheme at 31 March 2017 and the remaining staff were members of the PCSPS.

## 21 Commitments

At 31 March 2017 there were major financial commitments in relation to professional fees and construction costs associated with the Temperate House renovation project (£10.2m), other estates projects and maintenance expenditure (£3.1m), and other projects (£0.2m). Total financial commitments in 2015/16 were £19.8m (Temperate House renovation (£14.1m), estates and maintenance expenditure (£5.5m) and software (£0.2m). The amount payable within one year is £13.5m (£14.2m in 2015/16).

## 22 Connected Charities and other related party transactions

RBG Kew has dealings with the Department for Environment, Food and Rural Affairs and its sponsored bodies, and other Government Departments and their sponsored bodies, and receives Grant-in-aid from Defra.

### Connected Charities

As stated in the Statutory Information the purpose of the Foundation and Friends of RBG Kew is to provide support for RBG Kew and, as shown in Note 4, £20.1m was received in 2016/17 (£17.2m in 2015/16). RBG Kew provides services and facilities to the Foundation and Friends which are made on an arm's length basis. The Foundation and Friends runs a membership scheme which provides a range of services to its members and Kew allows its members free access to Kew Gardens and Wakehurst Place. Further information about the Foundation and Friends can be found on page 19 of this report

or from Kew Foundation Trustees Report and Financial Statement for the year ending 31 March 2017. Marcus Agius is the chair of both RBG Kew and the Foundation and Friends, and Sir Henry Keswick and Ian Karet were Trustees of the Foundation and Friends throughout the year. Payments for fundraising services were made to three members of the Executive Board in 2016/17 (two 2015/16) as disclosed in the Remuneration Report.

The Bentham-Moxon Trust is a separate registered charity (registration no. 305966) which provides financial support for botanical collections and research and publications that further the work of Kew. Two members of Kew staff are Trustees (Colin Clubbe and Tim Utteridge) along with two external Trustees. The Trust makes annual grants to Kew and can make grants to non-related parties and organisations.

### Other Related Party Transactions

During the year RBG Kew had the following transactions in which there was a related interest:

Valerie Gooding, Trustee, was also a Trustee at Historic Royal Palaces. In 2016/17 expenditure incurred with Historic Royal Palaces was £204,000 (2015/16 £183,000) and income received was £92 (2015/16 £143).

Enquiries about the Trustees' Register of Interests should be sent to the Head of Legal, Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AE.

## 23 Financial instruments

As the cash requirements of Kew are met largely through Grant-in-aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. Kew has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal.

## 24 Post balance sheet events

The Board of Trustees of RBG Kew agreed on 23 March 2017 and the Board of Trustees of the Foundation and Friends of RBG Kew agreed on 28 March 2017 that the integration of its fundraising function into RBG Kew and Kew Enterprises should proceed with a transfer date of most fundraising activities anticipated of 1 July 2017. This will involve the transfer of 50 fundraising staff to RBG Kew Enterprises and 5 back office staff to RBG Kew. Kew Enterprises will operate two divisions from 1 July – Commercial and Fundraising. Fundraising services will be provided by RBG Kew Enterprises from 1 July 2017 to both RBG Kew and The Foundation and Friends of RBG Kew. Most fundraising income including membership income will be received by RBG Kew from this date. This is a non-adjusting balance sheet event.

These financial statements were authorised by the Accounting Officer for issue on the same date as they were certified by the Comptroller and Auditor General.

## 25 Losses and special payments

Losses and special payments during the year totalled £0.4m (2015/16 £0.2m). This covers stock losses and adjustments and bad debt provisions which have increased largely in respect to one bad debt write off.

## Annex

### Royal Botanic Gardens, Kew five-year financial summary

#### Statement of Financial Activities

|                              | 2012/13      | 2013/14      | 2014/15       | 2015/16      | 2016/17      |
|------------------------------|--------------|--------------|---------------|--------------|--------------|
|                              | £m           | £m           | (restated) £m | £m           | £m           |
| <b>Income</b>                |              |              |               |              |              |
| Grant-in-aid                 | 32.5         | 28.0         | 26.0          | 26.2         | 33.0         |
| Grants and donations         | 13.1         | 14.2         | 13.4          | 20.8         | 23.2         |
| Income from activities       | 14.1         | 17.4         | 17.7          | 18.5         | 21.7         |
| Investment income            | 0.1          | 0.1          | 0.1           | 0.1          | 0.0          |
| <b>Total income</b>          | <b>59.8</b>  | <b>59.7</b>  | <b>57.2</b>   | <b>65.6</b>  | <b>77.9</b>  |
| <b>Expenditure</b>           |              |              |               |              |              |
| Charitable expenditure       | 53.6         | 51.0         | 48.6          | 50.8         | 59.6         |
| Raising funds – trading      | 4.9          | 6.1          | 5.7           | 6.2          | 7.0          |
| <b>Total expenditure</b>     | <b>58.5</b>  | <b>57.1</b>  | <b>54.3</b>   | <b>57.0</b>  | <b>66.6</b>  |
| <b>Net income</b>            | <b>1.3</b>   | <b>2.6</b>   | <b>2.9</b>    | <b>8.6</b>   | <b>11.3</b>  |
| Revaluation of fixed assets  | 2.2          | 8.8          | 10.5          | 15.4         | 6.6          |
| <b>Net movement in funds</b> | <b>3.5</b>   | <b>11.4</b>  | <b>13.4</b>   | <b>24.0</b>  | <b>17.9</b>  |
| Funds at 1 April             | 126.8        | 130.3        | 141.7         | 155.1        | 179.1        |
| <b>Funds at 31 March</b>     | <b>130.3</b> | <b>141.7</b> | <b>155.1</b>  | <b>179.1</b> | <b>197.0</b> |

#### Summary Balance Sheet

|                                      | 2013         | 2014         | 2015         | 2016         | 2017         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                      | £m           | £m           | £m           | £m           | £m           |
| Fixed assets                         | 124.8        | 137.0        | 151.2        | 175.0        | 190.1        |
| Current assets                       | 17.4         | 15.1         | 14.4         | 13.5         | 20.5         |
| Creditors                            | (11.9)       | (10.4)       | (10.5)       | (9.4)        | (13.6)       |
| <b>Total assets less liabilities</b> | <b>130.3</b> | <b>141.7</b> | <b>155.1</b> | <b>179.1</b> | <b>197.0</b> |
| Unrestricted                         | 118.0        | 125.0        | 132.6        | 146.0        | 153.6        |
| Restricted                           | 12.1         | 16.5         | 22.3         | 32.9         | 43.2         |
| Endowment                            | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          |
| <b>Total funds</b>                   | <b>130.3</b> | <b>141.7</b> | <b>155.1</b> | <b>179.1</b> | <b>197.0</b> |









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