

# **Annual Report and Accounts of The National Archives 2017-18**

Including the Annual Report of the Advisory Council on  
National Records and Archives 2017-18

Annual Reports presented to Parliament pursuant  
to section 1(3) of the Public Records Act 1958

Accounts presented to the House of Commons pursuant to  
section 6(4) of the Government Resources and Accounts Act 2000

Accounts presented to the House of Lords by Command of Her Majesty

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This is part of a series of departmental publications which, along with the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2017, present the Government's outturn for 2017-18 and planned expenditure for 2018-19.



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# Preface

About the Annual Report and Accounts of The National Archives:

This document combines performance and financial data with analysis to help readers better understand our work. It sets out how we spend taxpayers' money to fulfil our remit as the official archive and publisher for the UK Government, and for England and Wales. It covers our activities from April 2017 to March 2018 (inclusive), and is split into three main sections.

The Performance report (pages 7 to 25) includes a summary of progress and key activities (the Performance Overview), followed by our achievements over the year against each of the business priorities, input and impact indicators (the Performance Analysis).

The Accountability report (pages 26 to 64) includes an introductory statement from our Lead Non-executive Board Member, and the Directors' report sets out our operating structure and transparency matters such as equality and diversity, and whistle-blowing. It also includes:

- a statement of the Accounting Officer's responsibilities
- a Governance statement on how The National Archives manages risk
- a Remuneration and Staffing report setting out an open account of the pay and benefits received by the Executive and Non-executive Members of the Board
- disclosures on pay and pensions policies, and details of staff numbers and costs
- a Parliamentary Accountability and Audit Report, allowing readers to understand the department's expenditure against the money provided to it by Parliament by examining the Statement of Parliamentary Supply
- a copy of the audit certificate and report made to Parliament by the Head of the National Audit Office, setting out their opinion on the financial statements.

The Financial Statements (pages 65 to 96) outline our income and expenditure for the financial year, the financial position of the department as of 31 March 2018, and additional information designed to enable readers to understand these results.

Annex A (pages 97 to 103) provides a detailed Sustainability report, giving an overview of our activities during the financial year, our progress against Greening Government Commitments targets, and our plans for 2018-19.

Annex B (pages 104 to 113) contains the Advisory Council on National Records and Archives: 15th Annual report 2017-18, which describes the role, work actioned in year, and details of the Forum on Historical Manuscripts and Academic Research.

Annex C (pages 114 to 117) contains the Annual Report of the Independent Complaints Reviewer, which sets out information on the service and standards, an overview of both the learning from complaints and customer feedback, and of complaint activity and examples.

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# 1. Performance Report

## 1.1 Overview

### Introduction from the Chief Executive and Keeper

#### To the Right Honourable Jeremy Wright QC MP, Secretary of State for Digital, Culture, Media and Sport

I am pleased to present the Annual Report and Accounts for The National Archives 2017-18. Three years ago, we published *Archives Inspire* our business plan which set out what we wanted to do in order to meet the needs of our major audiences: government, the public, the archives sector, and the academic and research communities. Running through *Archives Inspire* is a recognition of the opportunities and challenges offered by digital technologies. At the same time, we continue to look outwards, forging exciting new collaborations and partnerships with a range of organisations and public bodies across the UK and the rest of the world.

More than ever, the public expects government to be transparent. The Public Records Act 1958 sets out our statutory responsibility to ensure that government departments meet their obligations around records management and preservation. As the government's information management expert, we further strengthened our partnership with the Cabinet Office under the 'Better Information for Better Government' programme, driving improvements across government in managing digital records. Transparency also means holding authority to account and we have supported the work of a number of high profile public inquiries and panels (including the Independent Inquiry into Child Sexual Abuse, the Orgreave Inquiry and the Hillsborough Inquiry). At the same time, last year we brought in more records than ever to our collection. Over the coming months, our immediate focus includes supporting government departments in developing their digital capacity for the transfer of born-digital records to Kew for permanent preservation.

The National Archives is in every sense, a public institution. We take seriously our responsibility to make the public record available to all, for everyone to engage with and learn about our truly amazing collection of historical public records dating back over a thousand years. Our online offer is a big part of this and, alongside it, our public engagement programme has gone from strength to strength over the past year. We have thrown open our doors, from our 'Archives at Night' events to Open House, and our programme of events covering the Tudors, suffrage, the First World War, 20th-century Britain and LGBT+ history has engaged new audiences with our unique and fascinating records.

We know the public's interest in our records is growing, and we are determined to meet the demand. Since opening in July 2017, our new events space at Kew has hosted close to 100 events, including conferences, talks and film screenings. Our award-winning education programme reached thousands of schoolchildren and students across the country, bringing our historical records – and the events they describe – to life. We also loaned our records to other institutions across the UK and internationally, giving new audiences the opportunity to see our records in different

places. Perhaps our most iconic record, Domesday, dating back nearly a thousand years, went on display at Lincoln Castle for their 'Battles and Dynasties' exhibition, enjoyed by more than 80,000 visitors across the region. Later this year, Domesday will be loaned out again, this time to the British Library for its major 'Anglo-Saxon Kingdoms' exhibition. Making our records available to as many people as possible is one of the most exciting aspects of my role as Keeper of the Public Record. Further afield, we also loaned records to the Netherlands, France, Germany and the USA.

As the sector leader for England's 2,500 archives, it has been a busy year. We began to put into action the ambitions around digital capacity, resilience and impact, set out in *Archives Unlocked*, the government's strategy for archives, which our then minister and your predecessor, Matt Hancock MP, launched in March 2017. The value of archives to society was showcased during another successful 'Explore Your Archive' campaign last year. The sector also reached a milestone with the 100th archive service, The National Theatre Archive, securing Archive Service Accreditation, with many more underway since.

Research is at the heart of what we do, underpinned by our status as an Independent Research Organisation. The success of our inaugural summer lecture series, 'Secrets and Lies', is testament to the public's thirst for lively debate and rigorous scholarship. In the fifth year of our 'Discovering Collections, Discovering Communities' conference, we, together with Research Libraries UK, welcomed those from across the academic and archive sectors. We also continued to be at the heart of a number of exciting collaborations, including digital research, a key priority for us. International research collaboration presents real opportunities for us, a particular highlight being the announcement of a major research project with the University of Oldenburg in Germany. Together, we will catalogue, transcribe and digitise the Prize Papers collection from the 17th to the 19th centuries, making available a vast and unexplored collection of global significance available for all.

Digital remains our greatest challenge and our digital strategy, published in March 2017, sets out our direction of travel. We are leading the way in rethinking a century or more of archival practice and, in doing so, fast becoming a digital archive by instinct and design. Over the past year, we have reshaped ourselves to better deliver the solutions and outcomes necessary to respond to the digital challenges we face. We have continued to work closely with other leading national archives, including in the USA, Canada and Australia, to share insights and learning. Our leadership role of the Forum of National Archivists also provided an opportunity for us to drive shared learning across national archives in the arena of digital. We continue to enhance our online services to make it easier for anyone, anywhere to access our records.

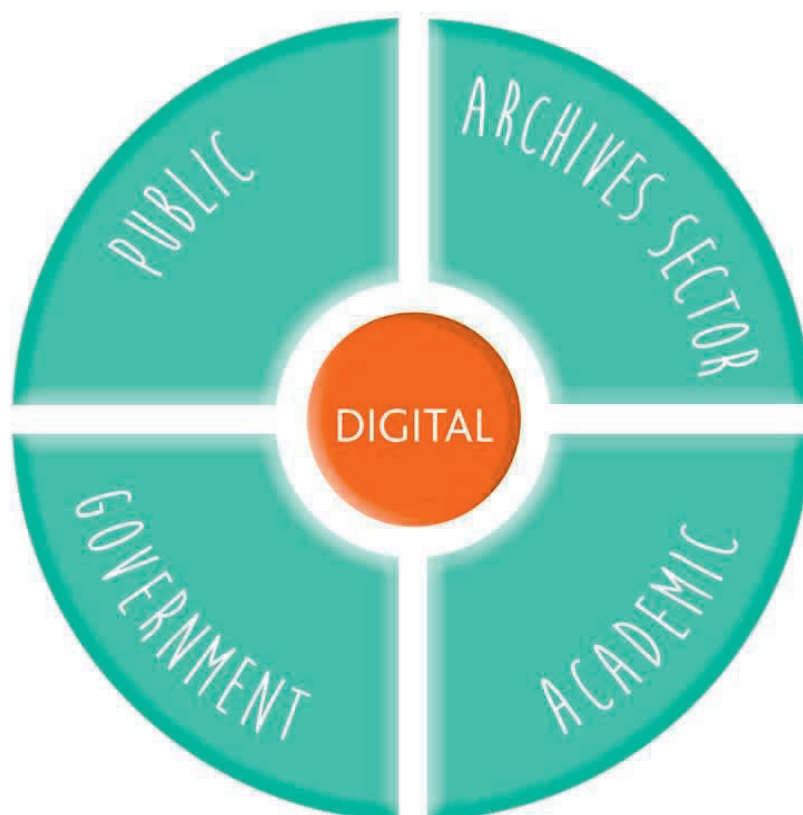
As we enter the final year of this phase of *Archives Inspire*, there is still much to do for our audiences, and I am confident that we will achieve much more. I would like to take this opportunity to thank everyone involved in helping us achieve what we have so far – our staff, partners, volunteers, the Friends of The National Archives, and of course, all our visitors – both online and in person at Kew.

Jeff James, Chief Executive and Keeper, 16 July 2018

## Who we are

The National Archives is a non-ministerial department and the official archive and publisher for the UK Government, and for England and Wales. We work to bring together and secure the future of the public record, both digital and physical, for future generations. Our collection is accessible to anyone all over the world.

We are many things to many audiences:



For government, we are the custodian of the public record and trusted experts in managing, preserving and using information.

For the public, we provide access to more than 1,000 years of the nation's history and connect people and communities with the millions of stories contained in our collection.

For the archives sector, we provide leadership and support, helping archives to build the skills and capacity needed to sustain the nation's archival heritage.

For the academic community and others engaged in scholarly research, we offer opportunities for working together across a broad range of disciplines – to provide solutions to our key challenges, and to open up greater access to our collection.



*Archives Inspire*, our ambitious strategic plan, sets out how we must think and organise ourselves differently to meet the needs of each of our major audiences, and to face our biggest challenge – digital.

Tackling the complexities that digital technology presents is at the heart of our plans. Digital technology has changed forever what it means to be an archive, a government department, business or charity. It has changed how people tell their everyday stories, and how we forever preserve the records and information that make up our national collection. We are creating the online and digital capacity to meet each of our audiences' needs, and to become a digital archive by instinct and design.

## Our audiences and the digital challenge

### **For government, we provide expert advice and scrutiny, ensuring that the record survives and thrives.**

- We accessioned an unprecedented number of public records in 2017-18: a total of 74,551 over the course of the year. We also released a wide variety of government records to the public:
  - Cabinet and Prime Minister's Office files charting the end of Margaret Thatcher's premiership, as well as other events from the years 1991 and 1992
  - Nigel Lawson's Private Office papers from his time as Chancellor of the Exchequer
  - Foreign and Commonwealth Office files on the Spandau Allied Prison in Berlin, and the imprisonment and death of Rudolf Hess
  - A collection of Colonial Office photographs, including pictures of Alexander III and the Romanov family
  - Cold War espionage material from the 1960s, including those charting the defection of Kim Philby and the Profumo Affair.
- This year, we have further developed our Information Management Assessment (IMA) programme, working with government to raise standards in information management. We also launched the online IMA Self-Assessment Tool to assist government organisations in examining the effectiveness of their approach to information and records management.
- As part of our legislation publishing services, we published 56 new Acts and 2,075 new Statutory Instruments on legislation.gov.uk and in print, and applied 71,239 amendments to legislation on the website. 95.5% of Acts on legislation.gov.uk are now fully revised and up to date.
- In addition, we completed moving our legislation services to the cloud, reducing costs over the longer term, and ensuring scalable and resilient hosting of this invaluable resource.
- The work leading up to the UK's exit from the European Union presents various challenges across government. Over the past year, we made preparations to support government departments with pre- and post-exit legislation, including adaptations to the drafting tools and publishing system we provide for new legislation. This also involves the publication of the European Union (Withdrawal) Bill, which will create new duties for the Queen's Printer of Acts of Parliament to publish European legislation post-exit. Since July 2017, the Chief Executive and Keeper of The National Archives holds the offices of Queen's Printer of Acts of

Parliament, Queen's Printer for Scotland, and Controller of Her Majesty's Stationery Office. We also undertook an in-depth analysis of European legislation and associated metadata.

- We continued to support short-term bodies, such as panels, commissions, reviews and inquiries, including the Independent Inquiry into Child Sexual Abuse (IICSA). We provided expert advice for the management of all public records created, consulted or used during the course of IICSA's work; as well as corresponding advice to all associated sponsoring units to ensure the integrity, preservation and presentation of the public record.
- We continued to drive compliance with the Public Records Act across government and held departments to account for their obligations under the transition to the 20-year rule. We refocused our support to government departments, delivering online digital training and guidance, and targeted consultancy. We also developed new methods for capturing and delivering compliance, with updated information management report metrics, and by partnering with Crown Commercial Services and external suppliers that deliver records transfer projects.
- We deepened our partnership with the Cabinet Office through our involvement in the 'Better Information for Better Government' initiative – the response to Sir Alex Allan's review of the government's strategy for managing its digital records and archives.

### **For the public, we work to inspire new ways for people to use and experience our diverse collection.**

- We opened a stunning new 250-capacity event space in spring 2017, which has since been used for film screenings, lectures, performances, conferences and choirs. However, as we expand our on site activities, our other physical spaces continue to provide many challenges in terms of their flexibility, their functionality and the welcome they provide.
- We continued to address the challenge of diversifying and growing our audience with new types of events. In addition to 'Archives at Night', we offered new flagship events as part of our 'What's On' programme. We welcomed around 500 visitors on site as part of Open House London, and our 'Time Travel Club' day launched a new series of events aimed at children and families.
- Our events programme reflected a number of significant anniversaries that occurred over the course of 2017-18. We observed 70 years since the Partition of British India, with activities on site and in the community. We also marked 100 years since some women were given the right to vote, with the launch of our Suffrage 100 season of events and exhibitions, which runs throughout 2018.
- We've worked to broaden public engagement with our records through innovative and creative collaborations with the likes of Combination Dance, theatre company Bhuchar Boulevard, King's College London and the National Trust. In addition, one of our most treasured records, Domesday, was displayed at Lincoln Castle for the exhibition, 'Battles and Dynasties'.

- We were awarded a fourth consecutive Learning Outside the Classroom Quality Badge for our education services. We taught more than 10,000 students on site at Kew and online, from Key Stage 1 to 5, and have continued to create and publish online resources for teaching history.
- We continued to provide opportunities for young people to engage with our collections in creative ways. 'Somme Tales', a student animation short film based on our First World War records, won the international MEDEA Award for Best User Generated Content, beating over 100 entries from more than 26 countries. We also selected a group of sixth-form art students to take part in an illustration project. Using reformation-related documents as inspiration, they created an innovative graphic eBook 'The Chronicles of the Dissolution: Piety, Plunder and Protest'.
- In January, we uploaded to Discovery, our online catalogue, the first tranche of records relating to Allied Prisoners of War, and civilian internees captured by Germany during the Second World War. This was a key milestone in one of our most complex and challenging volunteer projects to date, involving a series of around 190,000 open and closed records.
- We have also updated many of the services on offer to the public in our document reading rooms. Visitors can now order more documents in advance than ever before, and are able to download and send documents to their own devices. Take up for this move to a paperless environment has been very high, a change for many of our users.
- Many thanks go to The Friends of The National Archives who provided financial support for our educational, outreach and 'What's On' programmes, and volunteered their time to help deliver a number of tours and events.

**For the archives sector, we are an effective leader and collaborator, and support archives of all kinds to sustain and develop their services.**

- A key theme of our action plan to deliver *Archives Unlocked*, the government's strategic vision for archives, is improving the sector's digital capacity, and we successfully applied to the Heritage Lottery Fund for our new trainee programme, 'Bridging the Digital Gap'. More than £720,000 will go towards recruiting 24 trainee digital archive technicians. Though the digital skills gap is a substantial and ongoing issue for archives, this successful application marks a big step towards growing the necessary digital expertise, and in diversifying talent throughout the sector, as well as entry-routes into the profession overall.
- The past year proved difficult for many archive services. The sector as a whole faces a challenging landscape in relation to achieving financial sustainability, identifying new income streams, and sustaining their services. To help UK archives catalogue and unlock the potential of their collections, we launched our new funding programme, 'Archives Revealed'. This programme has a total funding

of £825,000 over three years: £300,000 from The National Archives, £300,000 from The Pilgrim Trust and £225,000 from the Wolfson Foundation.

- In addition to funding, we looked to build resilience within the sector – the second theme of the action plan for *Archives Unlocked* – by supporting the development of 12 archive networks. These networks are vital to the sector, as they enable archives to tackle common problems by pooling resource and expertise. We also developed a workforce development strategy, which looks to scope and improve knowledge and skills across the sector.
- The final theme of the action plan is to ‘demonstrate the impact of archives’. To help us achieve this, we developed a series of impact seminars relating to the ambitions of *Archives Unlocked* – ‘Trust, Enrichment and Openness’ – to identify a set of outcomes that services can measure. We also commissioned a sector training event, ‘Measuring Impact, Exploiting Data’, which will help services to demonstrate the importance of the work undertaken by the sector.
- In addition to taking tangible actions in its delivery, we also worked to embed the core ambitions of *Archives Unlocked* within the sector, by forming a bespoke communications programme and establishing effective governance by way of a board with representation from across and beyond the sector; we are grateful to the board members for their hard work and commitment.
- As part of our expert programme of support on the transition to the 20-year rule, we distributed £660,000 of New Burdens funding to more than 60 local bodies approved to hold public records, and we provided further training and guidance nationwide.
- We collaborated with the Digital Preservation Coalition on the development of a new digital component for the UK standard of Archive Accreditation. The accreditation programme continues to thrive. There are now more than 100 accredited services in England and Wales.
- The ‘Explore Your Archive’ campaign, delivered in partnership with the Archives and Records Association, was once again successful in emphasising the importance and scope of the work done throughout the sector. During the launch week, we trended every day on Twitter, over 28,000 tweets were sent using campaign hashtags, and 102 archives ran a total of 189 events across the country.
- We launched the ‘Manage Your Collections’ facility for Discovery, enabling UK archives to publish item-level collections data online, via our Discovery platform.

**For academics and researchers, we are focused on advancing knowledge through exemplary academic liaison and outstanding interdisciplinary research.**

- 2017-18 presented a very challenging funding landscape for academic research. However, we did enjoy success with a number of projects. The University of Leicester and The National Archives were awarded an Arts and Humanities

Research Council (AHRC) grant of £820,000. This is for a three-year joint research project: 'In Their Own Write: Contesting the New Poor Law 1834-1900', which examines poverty in Victorian times.

- We are also a primary partner in an international research project to digitise and catalogue the Prize Papers – around 160,000 undelivered letters seized from captured ships in the 17th to 19th centuries. This massive project, led by The University of Oldenburg, and funded through the Union of the German Academies of Sciences and Humanities, will receive €9.7 million and take 20 years to complete.
- We offered a number of external opportunities to conduct research with us, including a six-month Postdoctoral Research Fellowship funded by the Friends of The National Archives. We also continued to support and facilitate PhD research through our involvement in the AHRC's Collaborative Doctoral Partnerships and Doctoral Training Partnerships schemes.
- We continued to be pioneers of preservation and conservation research, sharing our findings at conferences and through publication in peer-reviewed journals. We worked closely with the British Standards Institution, the European Committee for Standardization, and the Institute of Apprenticeships on the further development of training and standards, regarding the conservation and storage of archival collections.
- We deepened our collaborative relationships with Jisc and Research Libraries UK (RLUK), with new Memoranda of Understanding and the commissioning of a major piece of work on Citation Capture, which will enable archive services to use citation as evidence to show the value and impact of their collections.
- We also delivered the fifth annual 'Discovering Collections, Discovering Communities' conference, in partnership with RLUK. The conference explored the theme of 'the cultural value of collections and the creative economy', attracting more than 430 delegates from the archives, library, museum and academic sectors.
- An expanded academic events programme saw us deliver our first summer lecture series (sponsored by the Friends of The National Archives and supported by the Royal Historical Society), which hosted high-profile academic speakers and over 450 delegates.
- We redesigned our web pages, and launched a new research-focused Twitter profile to better reflect our position as a vital resource for a multitude of academic disciplines, as well as our burgeoning reputation as an Independent Research Organisation.
- We developed our infrastructure and technology in order to enhance our research capabilities. A new Research Hub provides an on site centre for supporting research. In addition, investment in new conservation technology enabled us to continue developing techniques and processes that help us to safeguard the record.

- We also continued to raise our digital research profile through the development of a series of digital experimentation workshops, helping to establish key relationships with academic and industry partners.

**Over the last few years, we have made important changes to the ways we think and work in order to become a digital archive by instinct and design.**

- We know digital is our biggest organisational challenge; a challenge we share with archives worldwide. Last year, we launched our digital strategy to address the issues of living in an ever more complex technological society. In 2017-18, we began the process of delivering this strategy, exploring in detail the development of new systems for transferring and providing access to government digital records.
- We shared digital knowledge and expertise with archives and archivists across the world. We presented our new practices to international audiences at the Association of Canadian Archivists and the Archives and Records Association conferences. We also continued to be an active and contributing member of both the Digital Preservation Coalition and the DLM Forum, in addition to joining the Open Preservation Foundation in early 2018; and continuing to participate in the Archives Portal Europe Foundation.
- We moved our 120-terabyte web archive to the cloud, making it one of the largest cloud-based archives in the world. We also improved this important collection by widening the types of records we are able to capture, preserve and present.
- We continue to find it a challenge to recruit digital expertise. However, this year, in collaboration with Ada: the National College of Digital Skills, we recruited five new digital apprentices for a two-year programme. We also developed the knowledge and skills of existing colleagues in key areas, including cloud computing services and machine learning.
- We made improvements to our online services, introducing a new home page for our website and updating how we display information about records on our online catalogue, Discovery.
- We have had to carefully manage our workload to maximise the impact of limited resources. In addressing this challenge, we refocused our priorities to concentrate on automating and modernising our technical ways of working, helping people to help themselves when using our services, and making it easier for users to access our collection.
- We developed our capability as a digital archive: replacing hardware used for our Digital Records Infrastructure (DRI), widening the types of record we can preserve and publishing software that helps to automate the creation of metadata. However, further investment is still needed to overcome limitations of our DRI in instances where digital records have characteristics that we have not seen before.

In the longer term, we are also considering support arrangements for our 'Dark Archive', where we store the records.

- We partnered with the University of Surrey on their research project, 'Archangel', launched in 2017. The project seeks to ensure the long-term sustainability of digital archives through the design, development and trialling of transformational new distributed ledger technology.
- We maintained our commitment to PRONOM, the registry of file format signatures, with three releases of 99 new signatures, and 91 new formats during the year.



## 1.2 Performance analysis

### Financial management commentary

#### **Working efficiently, financial planning and saving**

The National Archives' net resource and capital outturn was £35.7m compared to a budget allocation of £36.4m. The non ring-fenced element, which is the controllable element of our expenditure, was managed to within 2% of our allocation.

#### **Expenditure**

The total costs of delivering our remit as the official archive and publisher for the UK Government, and for England and Wales, was £44.3m, which is below our original budget of £45.5m.

Business as usual operating expenditure was £11.0m (2016-17: £11.5m). An increase in business rates (total increase of £0.9m) was offset by deferral of costs relating to a major commercial contract (decrease of £0.6m), reduced activity relating to a cross-government project to implement a web-based legislation tool (decrease of £0.4m) and additional savings absorbed across our major spend areas.

Our strategic plan has put digital at its heart, and this is reflected in digital net spend increasing £0.8m between years.

Staff costs were £24.8m compared to £24.4m the previous year, reflecting the compensations paid in-year, offset by savings generated through an in-year freeze on recruitment. Further information on compensation payments can be found in the Staff report on pages 49 and 52.

#### **Income**

Operating income was £9.9m in 2017-18 (£10.8m in 2016-17). The decrease is due to a reduction in *Gazettes* income (decrease of £0.6m), and reduced receipts from our cross-government partners (decrease of £0.4m) in relation to the web-based legislation tool referred to in the expenditure section above.

#### **Capital**

The total capital expenditure of £1.3m is in line with our budgeted allocation, and £1.4m lower than our 2016-17 expenditure which featured our public space programme. We recognise the need to invest in enhancements to our digital capabilities, complete vital work on our buildings and replace key parts of our infrastructure and equipment, and have forecast £3.6m for 2018-19.

#### **Annual Managed Expenditure**

The Annually Managed Expenditure (AME) is £63k lower than our allocation due primarily to a release of an onerous lease provision for office space within a government building in Norwich. The office space was vacated in 2015-16 but has been re-occupied in the short term.

**Financial position**

Assets and liabilities are shown in the Statement of Financial Position on page 66. Assets less liabilities totalled £184m as at 31 March 2018 (2016-17: £184m).

The National Archives held assets of £190m as at 31 March 2018 (2016-17: £191m). Property, plant and equipment represented 87% of the asset value (2016-17: 87%).

Total liabilities were £6.5m as at 31 March 2018 (2016-17: £7.0m). Accruals and deferred income accounted for £3.9m which is 60% of the value. Trade payables increased from £0.4m to £0.5m.

**Contingent Liabilities**

The National Archives has no material contingent or significant liabilities to report.

## Performance against our business priorities

**We will provide expert advice and scrutiny to government, ensuring the record survives and thrives**

| <b>Our goal</b>  | <b>How we were to achieve this</b>   | <b>Status</b> |
|--|--|---------------|
| <b>Hold government departments to account for their record handling, to keep the transition to the 20-year rule on track</b>                     | In partnership with others we will drive compliance and grow capability in government departments by leading on, developing and implementing government policy on information management | Achieved      |
| <b>Shape and deliver outstanding legislative platforms and services which underpin the responsibilities of the UK Parliaments and Assemblies</b> | Through legislation.gov.uk provide expert legislation services to government   | Achieved      |

**We will inspire the public with new ways of using and experiencing our collection**

| <b>Our goal</b>  | <b>How we were to achieve this</b>  | <b>Status</b>  |
|--|---|--|
| <b>Develop new and exciting public programmes and services which rival those of other pre-eminent institutions and inspire curiosity about The National Archives and the hidden gems in our collection</b> | Identify and engage priority audiences through delivery of an events and exhibitions programme and other activities                       | Partially achieved. Increased numbers of attendees at events, but the launch of our new exhibition took place in May 2018  |
|  | Create a fundraising strategy to enable The National Archives to raise funds to deliver its objectives set out in <i>Archives Inspire</i> | Partially achieved. Legal preparation to set up The National Archives Foundation is complete, including charitable objects agreed, though vehicle yet to be registered |

**We will be an effective leader and partner for the archives sector, to sustain and develop the nation's collection**

| <b>Our goal</b>  | <b>How we were to achieve this</b>   | <b>Status</b> |
|--|--|---------------|
| <b>Influence the future through a new strategic approach which actively promotes the archival health of the nation</b> | In partnership with others, deliver our responsibilities within year one of the vision<br><i>Archives Unlocked</i> action plan | Achieved      |

**We will advance knowledge through exemplary academic liaison and outstanding interdisciplinary research**

| <b>Our goal</b>  | <b>How we were to achieve this</b>  | <b>Status</b> |
|--|---|---------------|
| <b>Shape a programme of world class digital research</b>   | Grow our digital research structure and capacity as part of developing a wider research function, and supporting our shift to digital | Achieved      |
| <b>Establish a renowned research centre to coordinate and galvanise our long-term research programme</b> | Grow our reputation for research and academic engagement via a series of new initiatives  | Achieved      |

**We will become a digital archive by design**

| <b>Our goal</b>   | <b>How we were to achieve this</b>  | <b>Status</b> |
|---|---|---------------|
| <b>Lead a transformation in how digital records are managed at scale, from creation to presentation</b> | Strengthen our capability as a digital archive by streamlining the transfer processes for digital records and widening the types of records we can preserve | Achieved      |
| <b>Meet changing customer expectations in a digital world</b>   | Research users' needs and make a prototype for a new access system for records  | Achieved      |

## Performance against our input and impact indicators

Our input and impact indicators are key metrics which supplement our overall performance as an organisation. They demonstrate our commitment to quality and effectiveness of the priorities set out in our business plan. They are presented as year-on-year comparisons so that we can track our progress within any given year.

To ensure The National Archives can be held accountable as it moves forward in delivering its strategic priorities, underpinned by the government's Transparency agenda, we also publish a number of discretionary (non-financial) indicators on our website, which include staff engagement and diversity.

### Performance against our input indicators

| Input indicator  | 2017-18 Outcome                                     | 2016-17 Outcome                                     |
|--|---|---|
| <b>Original records delivered to on site users</b>                       | 540,002   | 589,586   |
| <b>Electronic records delivered to online users</b>                      | 245,752,112   | 229,927,678   |
| <b>Staff diversity<sup>1</sup></b>                                       |   |   |
| Women  | 50.54% (average)                                    | 49.88%  |
| Top management women   | 49.71% (average)                                    | 49.23%  |
| Black and minority ethnic  | 19.78% (average)                                    | 19.72%  |
| Disabled   | 10.35% (average)                                    | 10.36%  |
| <b>Staff engagement (as reported by the Civil Service People Survey)</b> | 66%   | 68%   |
| <b>Time taken to deliver original records to on site users</b>           | 96% of documents delivered to users within one hour | 98% of documents delivered to users within one hour |

<sup>1</sup> Staff diversity represents the average monthly percentage during 2017-18. In the comparative year the figures represent the staff diversity as at 31 March 2017.

## Performance against our input indicators – continued

| Input indicator   | 2017-18 Outcome  | 2016-17 Outcome  |
|---|--|--|
| <b>Time taken to respond to Freedom of Information, Data Protection and Environmental Information Regulation Requests</b> | 95% of enquiries responded to within statutory deadlines               | 93.2% of enquiries responded to within statutory deadlines             |
| <b>Total departmental spend</b>   | £29.1 million  | £30.3 million  |
| <b>Staff sick absence</b>   | 5.3 days per member of staff (average)                                 | 4.5 days per member of staff (average)                                 |
| <b>Outstanding effects on legislation.gov.uk</b>  | 71,239 amendments applied to primary legislation on legislation.gov.uk | 53,000 amendments applied to primary legislation on legislation.gov.uk |
| <b>Number of physical records accessioned</b>   | 74,551 pieces<br>1,663 metres  | 72,553 pieces<br>1,492 metres  |

## Performance against our impact indicators

| Impact indicator                  | 2017-18 Outcome  | 2016-17 Outcome   |
|-----------------------------------|--|---|
| <b>Web continuity<sup>2</sup></b> | <u>Visits to the UK Government Web Archive</u><br>April to June 2017: 3.4 million<br><br>February to March 2018: 0.4 million<br><br><u>Visitors to the UK Government Web Archive</u><br>April to June 2017: 1.8 million<br><br>February to March 2018: 0.4 million | 14.8 million visits to the UK Government Web Archive<br><br>7.2 million visitors to the UK Government Web Archive |
| <b>Customer satisfaction</b>      |  |   |
| On site users                     | 94%  | 91%   |
| Online users                      | 62%  | 62%   |
| legislation.gov.uk users          | 80%  | 77%   |

<sup>2</sup> The UK Government Web Archive moved to a new supplier during summer 2017. As a result, the technology and approach to these metrics has changed (i.e. what constitutes a visitor and visit). This means that (a) we have incomplete data for the year 2017-18; and (b) April-June 2017 and March 2018 are not directly comparable and should be considered separate metrics.

## Performance against our impact indicators – continued

| Input indicator   | 2017-18 Outcome                                | 2016-17 Outcome                                |
|---|--|--|
| <b>Records and information management services used across government</b> | 4 Information Management Assessments completed | 5 Information Management Assessments completed |
|   | 6 Information Management Assessments reports   | 5 Information Management Assessments reports   |
|   | 3 action plans published                       | 5 action plans published                       |
|   | 6 annual review reports published              | 2 annual review reports published              |
|   | 10 formal review meetings undertaken           | 8 formal review meetings undertaken            |

Further details of how we measure our performance can be found in *Archives Inspire*, our four-year business plan: [nationalarchives.gov.uk/about/our-role/plans-policies-performance-and-projects/our-plans/archives-inspire/](https://nationalarchives.gov.uk/about/our-role/plans-policies-performance-and-projects/our-plans/archives-inspire/) and on our Transparency pages at: [nationalarchives.gov.uk/about/our-role/transparency/](https://nationalarchives.gov.uk/about/our-role/transparency/)

## Environment and sustainability

During 2017-18, we have continued to reduce the environmental impact of our operations.

We achieved a 65% reduction in carbon emissions compared with the baseline year of 2009-10, and against the government target of a 32% reduction.

In real terms, we have more than halved the energy use of the organisation, while continuing to conserve and maintain the storage of our collection in the required environmental conditions.

We have worked to meet and exceed our obligations under the Greening Government Commitments<sup>3</sup>, reducing our water consumption compared with 2016-17. Our overall water consumption is 24% less than the 2009-10 baseline year. We have also reduced our use of domestic flights by 51% compared with 2016-17.

For further information, please see Sustainability accounting and reporting (Annex A) on page 97.

<sup>3</sup> <https://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020>

We continued to support the local community in the following ways:

- Maintaining our grounds and ornamental ponds on site at Kew (known as the Pocket Park) in accordance with our biodiversity plan, as a local amenity for our staff, visitors and local residents to enjoy, open to the public from dawn until dusk, 364 days of the year
- Maintaining our site's surface water drainage arrangements to meet our obligations to the flood defences of the local area
- Communicating regularly with our neighbours and local residents regarding planned maintenance and project works, including recent new developments in the area
- Hosting quarterly Police Liaison Group meetings with the Metropolitan Police Service Safer Neighbour team, local neighbourhood watch representatives, residents of the Kew ward and local councillors
- Hosting regular meetings, talks and presentations by the Kew Society, including annual general meetings and providing space for other local resident groups' community-focused activities
- Membership and participation with the Richmond Chamber of Commerce
- Liaison with the Swan Sanctuary for monitoring the wellbeing of resident wildfowl on our grounds
- Supporting the London Borough of Richmond upon Thames' environmental campaign to reduce the use of single-use plastics.

Jeff James, Chief Executive and Keeper, 16 July 2018



## 2. Accountability report

### 2.1 Corporate governance report

#### **Statement from Lesley Cowley OBE, Lead Non-executive Board Member**

In this, the third year of *Archives Inspire*, the Board continued to oversee and shape progress towards achieving The National Archives' ambitions. It has been both a rewarding and a challenging year as the organisation continues to realign its workforce to better meet the needs of its audiences and to address the challenge of digital.

One highlight of the Board year was the launch of our commercial strategy, which sets out how we will reshape and reprioritise our commercial offer, explore innovative partnerships, and how we are identifying new income streams against a backdrop of a challenging financial landscape.

The Board was pleased to oversee significant progress on meeting the priorities set out in our digital strategy, published the previous year. Digital is the greatest challenge facing The National Archives and, while we do not underestimate the work ahead, at the same time we are proud of the progress made over the past year.

The Board met ten times during the financial year. One Non-executive Board Member – Brian Gambles – left the Board in December and I would like to thank Brian for his contribution during his time on the Board. We were pleased to appoint two new Non-Executive Board Members following the year-end, one to replace Brian and another to replace a forthcoming retirement.

We also considered how, as a Board, we can further improve how we fulfil our role, and I am confident that the Board is in a strong place to build on its work and continue to fulfil its role in accordance with its obligations.

I would like to take this opportunity to thank all staff across the organisation for their commitment, energy and support for this unique organisation as we look to the future with ambition and excitement.

Lesley Cowley OBE, Lead Non-executive Board Member  
The National Archives' Board, 16 July 2018

# Directors' report

## About The National Archives

Our remit is summarised on pages 7 to 17 of this report.

## Management and structure

During the year under review, our duties were carried out by the following directorates and functions.

| Directorate / Function            | Who   | Responsible for  |
|-----------------------------------|---|--|
| <b>Chief Executive and Keeper</b> | Jeff James,<br>Chief Executive and Keeper               | Our future direction and current performance, and is accountable to ministers for both. As Keeper of Public Records and Historical Manuscripts Commissioner, they hold the offices of Queen's Printer of Acts of Parliament (responsible for publishing all UK legislation, and the official newspapers of record, the <i>Gazette</i> ); Queen's Printer for Scotland and Controller of Her Majesty's Stationery Office; and the office of Government Printer for Northern Ireland |
| <b>Public Engagement</b>          | Caroline Ottaway-Searle,<br>Director, Public Engagement | Our Public Engagement Strategy, and developing on site, online, and remote learning and engagement programmes for the public and wider educational audiences   |
| <b>Operations</b>                 | Paul Davies,<br>Operations Director                     | Our business critical functions, including the estates and facilities, security, IT operations, corporate and strategic planning, and human resources  |

| <b>Directorate / Function</b>   | <b>Who</b>   | <b>Responsible for</b>  |
|---------------------------------|--|---|
| <b>Research and Collections</b> | Valerie Johnson,<br>Director, Research and Collections | Research, academic engagement and conservation programmes using our collections to enhance access. For our active support for the archives sector to secure the best possible long-term future for their collections and services   |
| <b>Digital</b>                  | John Sheridan,<br>Digital Director                     | Our digital services, enabling us to fulfil our ambition to become a digital archive by instinct and design. To provide strategic direction, transform our digital offer, and to shape and drive forward our cataloguing and web-based services   |
| <b>Finance and Commercial</b>   | Neil Curtis,<br>Finance and Commercial Director        | Our financial, procurement and commercial functions, and driving the development of our commercial capacities in new and innovative ways  |
| <b>Government Audience</b>      | Lucy Fletcher,<br>Associate Director                   | Our offer to government, providing expert advice and guidance to government departments and public bodies, driving strategic compliance with statutory obligations including the transition to the 20-year rule; and enabling the growth of digital capability for the future preservation of born-digital government records |

Further information about the organisation and directorate functions can be found on our website on Our staff web pages: [nationalarchives.gov.uk/about/our-role/transparency/our-staff/](https://nationalarchives.gov.uk/about/our-role/transparency/our-staff/)

## The National Archives' Board

|  |  |
|--|--|
| Lesley Cowley OBE<br>Lead Non-executive Board Member | Dr Claire Feehily<br>Non-executive Board Member              |
| Peter Phippen<br>Non-executive Board Member          | Brian Gambles MBE<br>Non-executive Board Member <sup>4</sup> |

Read more about our Executive Team: [nationalarchives.gov.uk/about/our-role/executive-team/](https://nationalarchives.gov.uk/about/our-role/executive-team/) and Board Members: [nationalarchives.gov.uk/about/our-role/management-board/](https://nationalarchives.gov.uk/about/our-role/management-board/) on our website.

### Company directorships and other significant interests held by Board Members

No company directorships or other significant interests are held by current members of the Board that may conflict with their management responsibilities. For further details on related party transactions see page 95.

### Audit

The financial statements have been audited by the National Audit Office on behalf of the Comptroller and Auditor General. The audit fee was £48,000 (see note 4 to the accounts). The National Audit Office did not provide any non-audit services during the year.

As far as the Accounting Officer is aware, there is no relevant audit information of which the National Audit Office is unaware. The Accounting Officer has taken all steps necessary to keep themselves informed of any relevant audit information and to establish that the entity's auditors are notified of that information.

### Public sector information

The National Archives has complied with the cost allocation and charging requirements set out by HM Treasury. The National Archives is one of the public sector bodies now brought fully within the scope of the Re-use of Public Sector Information Regulations 2015 and has taken steps to ensure that it complies with those Regulations, including publishing a statement of its public task.<sup>5</sup>

### Reporting of personal data-related incidents

No protected personal data incidents were recorded in the department during 2017-18.

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<sup>4</sup> Until 31 December 2017

<sup>5</sup> [nationalarchives.gov.uk/about/our-role/what-we-do/](https://nationalarchives.gov.uk/about/our-role/what-we-do/)

## Governance statement

The National Archives' Board is the main governance body of The National Archives. It consists of the Chief Executive, five Executive Directors, one Associate Director, a Lead Non-executive Board Member and three Non-executive Board Members. The Board is attended by the Head of Strategy and Chief Executive's Office<sup>6</sup>. Formal Board meetings take place ten times a year; in addition, the Board typically has one or two strategy days.

Supporting and informing the work of the Board are the Audit and Risk Committee and the Nominations and Governance Committee.

### **The National Archives' Board is responsible for ensuring that the leadership of The National Archives:**

- sets the strategic direction and makes strategic choices
- provides leadership in the delivery of statutory, corporate and business responsibilities
- makes key investment, procurement and project decisions that withstand scrutiny
- identifies and manages risks effectively
- encourages improvements in performance across the organisation
- takes corporate responsibility for its decisions and their implementation.

### **The role of Board Members is to:**

- provide effective challenge through open debate on Board matters
- ensure the right information and evidence is available to make decisions, measure performance and provide assurance
- uphold the values of the organisation as well as those expressed in the Seven Principles of Public Life.

The Board has a rolling agenda. Fixed agenda items include monthly financial reporting, quarterly business and performance reporting and strategic risk register review. The Board also review budget and strategic priorities and scrutinise major procurement and policy decisions affecting the future strategic direction of The National Archives.

Summaries of the discussions at Board meetings are available at:  
[nationalarchives.gov.uk/about/our-role/management-board/meeting-summaries/](https://nationalarchives.gov.uk/about/our-role/management-board/meeting-summaries/)

The Board is content that the data with which it is provided is adequate, timely and comprehensive and there are robust arrangements for reviewing and checking data.

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<sup>6</sup> The number of Executive Directors on the Board varied between five and six during the year, and the number of Non-executive Board members varied from two to three

All Board Members meet formally and informally with other senior managers and may be members of specific high-profile project and programme boards as required. We have an active group of Non-executive Board Members who also engage closely with the business to give strong assurance and governance.

The Board undertakes an annual review of its effectiveness, using a survey of its members to inform in-depth discussion. This year, the Board concluded that it was working well, but could usefully explore further opportunities for enhanced longer-term strategic discussion.

Challenge on performance of the Board is provided by the Non-executive Board Members and other Board Members. In this, the Board is informed by findings of the latest internal audit of The National Archives' governance structures.

### **The Executive Team**

The Executive Team is the executive decision-making body of the organisation. It consists of the Chief Executive and Keeper, Executive Directors and an Associate Director. The Head of Strategy and Chief Executive's Office and/or a Deputy also attend Executive Team meetings which are normally held weekly. The role of the Executive Team is to:

- fulfil The National Archives' statutory responsibilities and deliver its strategic and business priorities
- drive and manage improvements in business and financial performance
- drive innovation, transparency and efficiencies that support delivery of strategic objectives and give value for money
- identify high-level risks, ensuring their effective mitigation and business continuity
- review and agree corporate policies
- direct and support managers to deliver key investments and major projects
- lead strategic staff management and resourcing.

The business of the Executive Team is managed in a way that is inclusive, regularly inviting business updates from the staff members responsible for delivery. The Executive Directors are responsible for cascading summaries of Executive Team business to the rest of the organisation.

Informal challenge encourages staff to bring real issues to the Executive Team's attention. In addition, Directors attend 'question and answer' sessions. These events can be chaired by a Non-executive Board Member and are usually held quarterly. All members of staff are invited to attend and may ask any question about the running of the organisation or current concerns. Any questions may be submitted anonymously in order to encourage openness.

## The Audit and Risk Committee

The Audit and Risk Committee supports the Board in its responsibilities for issues of risk, control and governance, and associated assurance by:

- reviewing the effectiveness of the assurance framework in meeting the Board/Accounting Officer's assurance needs
- reviewing the reliability and integrity of these assurances
- providing an opinion on how well the Board and the Accounting Officer are supported in decision-taking, and in discharging their accountability obligations (particularly in respect of Financial Reporting).

The Audit and Risk Committee meets quarterly and is the main oversight committee for the organisation. The members of the Committee comprise the Non-executive Board Members who sit on the Board and an Independent Board Member. One Non-executive Board Member is specifically recruited to chair the Audit and Risk Committee. Following a review of the terms of reference of the Committee, from May 2018 the membership of the Audit and Risk Committee will comprise the chair, one Non-executive Board Member and the appointed independent member of the Audit and Risk Committee. The Chief Executive and Keeper, Operations Director, Finance and Commercial Director, the Independent Audit and Risk Committee Member, representatives from The National Archives' internal auditors (RSM Risk Assurance LLP) and our external auditors from the National Audit Office attend the meeting. Traditionally, other Non-executives, Executive Directors and senior staff members may be invited to attend particular meetings for discussion of individual agenda items or, where appropriate, as a training and development opportunity.

The Audit and Risk Committee undertakes an annual review of its effectiveness using a self-assessment checklist enabling qualitative assessment. All members and regular attendees are invited to complete the self-assessment checklist. The Committee considered that improvement in effectiveness could be made by making a clear delineation in the board agenda between routine internal control updates; and more strategic risk based discussion, to ensure sufficient focus on new risks and horizon scanning.

The Audit and Risk Committee monitors the implementation of recommendations made by the internal auditors, taking reports and evidence of progress as a standing agenda item. For the reporting year, the Internal Audit annual report indicated that, considering any further enhancements to the overall framework, the Board can take assurance that the organisation has an adequate and effective framework for risk management, governance and internal control. The Board and management will continue to seek out the areas of potential weakness in the control framework and take remedial action where necessary. The internal auditors also conduct an annual review to follow up their recommendations, which provides further independent assurance to the Committee. Any overdue recommendations are reported to the Executive Team in advance of each Committee meeting, and Executive Directors may be called to appear before the Committee to account for slippage on implementation dates. Reports from the internal auditors are copied to Committee members as soon as they are finalised and the minutes of Committee meetings are circulated to Board Members.

During 2017-18 internal audit services were provided by RSM Risk Assurance Services LLP. 2017-18 was the fourth of a four-year programme of audit work for which they were contracted. A new supplier, Moore Stephens LLP, has since been appointed to provide internal audit services from 2018-19.

The Audit and Risk Committee receives a number of regular updates during the year. This year these included:

- Recommendations from internal audits and progress on implementation of recommendations: the Committee received assurance that management was taking appropriate action to fully implement internal audit recommendations or provided business justification if implementation deadlines (which are set by the owner as part of their management response to each recommendation) were not met.
- Fraud risk assessment: this gave the Committee further assurance that The National Archives has a good culture of fraud awareness and mitigation and highlighted any new areas for potential fraud
- Security (including information assurance, cyber security risks, and data handling): the Committee noted that there were no significant breaches of security. It was also given assurance that The National Archives' performance against HMG Minimum Security Standards, as assessed in the Departmental Security Health Check return to the Cabinet Office, was subject to Internal Audit Scrutiny
- Business Continuity Management (BCM): this gave the Committee assurance that regular testing of systems and procedures are carried out in accordance with a Test and Exercise Plan. BCM preparedness remains high with confident and well-practised management teams
- Health and safety: this gave the Committee assurance that The National Archives remains a safe working environment for staff, visitors and contractors, and complies with legal requirements
- Environment and sustainability: this gave the Committee assurance that The National Archives was on track to meet Greening Government Commitments
- Employee related risks: this gave the Committee understanding of the current human resource risks and provided assurance that avenues for confidential reporting within The National Archives were understood and had been tested.

In addition, the Committee received regular updates and progress reports on other issues of particular interest. This year these included assurance on the level of resilience currently provided to specific digital and technology services and the management of risks and sources of assurance in relation to the development of digital services and the delivery of the digital archive.

### **The Nominations and Governance Committee**

The Nominations and Governance Committee is a key forum for discussion of leadership development and succession planning, and the decision-making body for the pay and bonuses of all The National Archives' senior civil service staff except for the Chief Executive and Keeper.

The Nominations and Governance Committee meets a minimum of twice a year. Pay increases are in line with guidance provided by the Cabinet Office, who hear the



outcome of the Review Body on Senior Salaries and set the pay policy for senior salaries across the civil service. The Committee ensures that there are satisfactory systems for identifying and developing staff with high potential. It is chaired by the Lead Non-executive Board Member and membership consists of all Non-executive Board Members, the Chief Executive and Keeper in an advisory capacity and the Head of Human Resources and Organisational Development provides secretarial support.

### **The Corporate Governance code**

As a non-ministerial department, The National Archives adopts and adheres to HM Treasury's *Corporate Governance in Central Government: Code of Good Practice 2017* to the extent that it is practical, appropriate and not incompatible with any statutory or other authoritative requirements. The National Archives periodically reviews the Board's effectiveness and corporate governance to ensure that it aligns with good practice elsewhere across government – taking into account its unique role and responsibilities, and the statutory and non-statutory roles fulfilled by its senior officials. The current structure enables the Non-executive Board Members to challenge the Chief Executive and Keeper and Executive Team, to clearly position it as an advisory body, and to shape the Board agenda.

### **Attendance of Board meetings and the Audit and Risk Committee for the Chief Executive, Executive Directors and Non-executive Board Members**

Formal Board meetings take place ten times a year. In addition, the Board typically has one to two strategy days. The Chief Executive and Keeper, Executive Directors, and Non-executive Board Members attended the following numbers of formal Board meetings (for which they were eligible to attend) during the year:

| <b>Name</b> | <b>Role</b>                     | <b>Board</b> | <b>Audit and Risk Committee</b> | <b>Nominations and Governance Committee</b> |
|-------------|---------------------------------|--------------|---------------------------------|---|
| Jeff James  | Chief Executive and Keeper      | 9 of 10      | 4 of 4                          | 3 of 3                                      |
| Neil Curtis | Finance and Commercial Director | 9 of 10      | 4 of 4                          | N/A   |
| Paul Davies | Operations Director             | 9 of 10      | 3 of 4                          | N/A   |

| <b>Name</b>                          | <b>Role</b>  | <b>Board</b> | <b>Audit and Risk Committee</b> | <b>Nominations and Governance Committee</b> |
|--------------------------------------|--|--------------|---------------------------------|---|
| Lucy Fletcher                        | Associate Director for the Government Audience     | 6 of 6       | N/A                             | N/A   |
| Dr Valerie Johnson                   | Director of Research and Collections               | 9 of 10      | N/A                             | N/A   |
| Caroline Ottaway-Searle <sup>7</sup> | Director of Public Engagement                      | 8 of 10      | N/A                             | 1 of 3                                      |
| John Sheridan                        | Digital Director                                   | 10 of 10     | N/A                             | N/A   |
| Lesley Cowley OBE                    | Lead Non-executive Board member                    | 9 of 10      | 3 of 4                          | 2 of 3                                      |
| Dr Claire Feehily                    | Non-executive Board member                         | 10 of 10     | 4 of 4                          | 2 of 3                                      |
| Brian Gambles MBE <sup>8</sup>       | Non-executive Board member                         | 7 of 7       | 3 of 3                          | 3 of 3                                      |
| Robert Milburn <sup>9</sup>          | Independent Member of the Audit and Risk Committee | N/A          | 4 of 4                          | N/A   |
| Peter Phippen                        | Non-executive Board member                         | 10 of 10     | 4 of 4                          | 3 of 3                                      |

<sup>7</sup> Caroline Ottaway-Searle replaced the Head of Human Resources and Organisational Development to provide secretarial support in one Nominations and Governance Committee meeting

<sup>8</sup> Until 31 December 2017

<sup>9</sup> Appointed 16 May 2017

## Managing our risks

The National Archives has a well-established approach to the management of risk at all levels. It encourages risk management as an enabling tool to balance risk and innovation across the organisation.

In 2017-18, The National Archives' risks fell under the following categories:

- Financial
- Operational
- Reputational: general
- Reputational: ministers, MPs and government
- Compliance: legal
- Compliance: data and information management.

The risk management strategy was reviewed in January 2018 by our Internal Auditors and a number of recommendations were made to refine and improve processes which we have taken on board.

The degree of risk is measured by considering likelihood and impact. To describe our appetite for each category of risk, the Executive Team sets maximum 'residual risk' scores based on the risk categories described above, and the Board expects that risks at all levels in the organisation will be managed within these scores. Where a risk exceeds its residual risk score, remedial action is taken where possible to reduce either likelihood or impact, where it is cost-effective to do so.

The Executive Team has identified a set of strategic risks, linked to our business priorities and informed by internal developments, external influences and longer-term commitments. These risks, if not managed, would compromise our ability to provide our statutory services or diminish these services to a degree unacceptable to our users. Each strategic risk is owned by a member of the Executive Team and they are regularly reviewed by the Executive Team, The National Archives' Board, and the Audit and Risk Committee.

The National Archives' most significant risks in terms of residual risk scores are outlined below:

**The UK's exit from the European Union:** there is a risk that we fail to meet our obligations – specifically in relation to our legislation services offer to government – leading to a lack of compliance with any associated legislation and uncertainty about the legal and evidentiary status of the UK statute book post-exit.

Overview of controls in place during the year:

- the powers of the Queen's Printer to publish retained legislation were confirmed in Schedule 5 of the European Union (Withdrawal) Bill
- effective operational and financial planning to resource delivery of our responsibilities
- representation on the Department for Exiting the European Union (DExEU) Operational Steering Board
- our policy and operational expertise relating to our legislation services is embedded among government stakeholders and partners
- a technical Ministerial Direction was issued, allowing legislation services to pilot and prepare for upcoming work.

**Failure to meet the challenges of digital:** there is a risk that we fail to sufficiently influence and shape the digital agenda and/or do not develop a suitably robust and scalable infrastructure and associated expertise to deliver our public task.

Overview of controls in place during the year:

- communication and implementation of digital strategy and supporting IT strategy
- active collaboration with national and international archives to address key challenges, for example through participation in DLM Forum, Digital Preservation Coalition, and the Archives Portal Europe Foundation
- working closely with the 'Better Information for Better Government' Cabinet Office team to improve current and future digital information management across government departments
- five digital apprentices in post within the Digital Services team
- developing a strong digital culture through commitment to Agile team working and, and providing opportunities for team members to develop new skills in key areas, for example cloud computing and machine learning.

**Economy and funding:** there is a risk that our commercial income and/or funding across all audience groups fails to deliver the anticipated levels of external income.

Overview of controls in place during the year:

- approval and implementation of the commercial strategy
- recruiting key roles to develop digital commercial products as part of our commercial strategy
- robust approach to tendering new commercial opportunities competitively
- restructuring of in-house commercial teams.

Other strategic risks considered and mitigated include:

- **Information management, securing the public record:** there is a risk that we do not continue to provide expert advice and scrutiny to government, departments may fail to comply with their responsibilities under the Public Record Act

- **Threat to archive services:** There is a risk that financial constraints lead to pressure on archive services
- **Economy and funding – a reduction in government funding:** there is a risk that new financial constraints and a reduction in funding from future Spending Reviews could impair our ability to meet statutory and core responsibilities
- **Poor engagement with our audiences and failure to meet their needs:** there is a risk that failure to effectively meet our audiences' needs and/or manage their expectations could result in our reputation and credibility being compromised by lack of trust and support from key stakeholders
- **Increasing security threats:** there is a risk that our response to increasingly sophisticated security threats are inadequate, resulting in disruption to business and/or losses from our collection (both physical and digital), leading to significant reputational damage
- **Staff, leadership and culture:** there is a risk that continued and sustained effects of the changes across the wider civil service risk our ability to attract and retain key skills, particularly technological and commercial, impacting our ability to deliver *Archives Inspire*, our business plan
- **Changes to the wider government operating environment:** there is a risk that changes to the constitutional and legislative structures of the UK, and/or reporting lines within government, could impair our ability to deliver our statutory and non-statutory obligations and public task
- **Realigning our workforce:** there is a risk that we will fail to get the right people with the right skills, in the right areas, in an appropriate timescale to meet the needs of our major audiences and address the challenge of digital
- **Support for government inquiries:** there is a risk that we will not be able to adequately support all government inquiries leading to a diminished capability in certain areas of government to fulfil statutory obligations.

Identifying and managing risk is not a barrier to efficiency, effectiveness or innovation, and managing our strategic risks has a minimal effect on our activities unless additional controls need to be introduced. As far as possible, we incorporate risk mitigations into our business as usual activities, reinforcing the message that risk management is the responsibility of all staff.

Risks below strategic level are managed, reviewed and updated at least quarterly by the Executive Directors and their management teams. A directorate's risk register captures what are considered exceptional risks. These will normally:

- be finite
- require new or enhanced risk mitigation or control
- be clearly linked with an organisation or service priority.

We expect that, over time, most directorate risks will be managed as 'business as usual'; exceptionally, directorate risks may be escalated to The National Archives' strategic risk register. At operational level, risks are managed on a day-to-day basis. The Executive Directors receive assurance on operational risks through six-monthly accountability statements from their direct reports. These statements are reviewed by the Directors and approved by the Chief Executive and Keeper. Any significant governance or performance issues highlighted are raised with the Audit and Risk Committee.

Authors of accountability statements assess the maturity of risk management in their areas of responsibility and provide evidence for their assessment. Authors are also required to provide assurance that their staff comply with key corporate policies, including:

- information management
- information security and data protection
- leavers policy
- fraud policy
- anti-bribery policy
- conflict of interest policy
- complaints policy
- asset disposal
- routes for confidential reporting ('whistle-blowing').

Short and medium-term additional governance structures are introduced for high-value projects and programmes as appropriate.

The National Archives is satisfied that we manage and mitigate risks, and where necessary, that we take action to contain the impact of risk. We are confident that our risk management approach has been comprehensive, allowing the Executive Team to identify early, and respond to, any possible threats to the achievement of our objectives.

At a strategic level, our risks are aligned with our strategic priorities set out in *Archives Inspire*, our business plan for 2015-2019, which focuses on our four main audiences (government, the public, the archives sector, and research and academia) and the challenges and opportunities of digital records and digital services.

#### **Ministerial direction**

In accordance with HM Treasury rules, in March 2018 the Accounting Officer sought and was granted a Ministerial direction to authorise spending on work to support the UK's readiness to leave the European Union from exit day, prior to the EU (Withdrawal) Bill receiving Royal Assent next year. The Secretary of State recognised the need to publish retained EU legislation from exit day to ensure legal certainty when the UK leaves the European Union. This expenditure is subject to continued scrutiny to ensure value for money.

#### **Health and safety**

Health and safety is recognised by the Chief Executive and Keeper to be fundamental in the delivery of a safe working environment and services for staff, visitors and stakeholders. To achieve this, we are committed to the principles of effective planning, organisation and monitoring in addition to the reviewing of health and safety policies and procedures. We monitor policy compliance, and address any resulting issues related to health, safety and wellbeing. Our objectives and targets set out in our health

and safety policy statement are regularly reviewed. This ensures that they continue to improve safety performance, and to help reduce work related injuries and ill health.

We have an effective, proactive Health and Safety Committee chaired by the Operations Director. Membership comprises staff representatives across the organisation in both operational and technical areas including, Estates, Security, Trade Unions, Human Resources and senior management. The Committee lead and engage with others, both internal and external, to improve workplace health and safety, provide an effective regulatory framework, secure effective management to control risk; and reduce the likelihood of low-frequency and high-impact incidents.

We are committed to health and safety training, and run emergency evacuation scenarios and other mandatory training for all staff. This supports increased safety awareness, a positive attitude and continual improvements in safety performance across the organisation.

Health and safety activity and summary reports are presented annually to the Audit and Risk Committee, and quarterly to the Health and Safety Committee. This ensures the analysis of trends and themes in incident reporting continues, and any resulting lessons are identified and implemented. The policies and systems in place have enabled us to demonstrate our commitment to continual improvement in this field for the future.

Our first aid team consists of 18 volunteers who receive formal training. Our health and safety performance continues to be of a high standard, and the number of accidents and incidents remains at a low level.

For 2018-19, we will continue to progress management of health and safety across all departments, with particular focus on assessing, monitoring and providing assurance and compliance.

Following a robust recruitment campaign, we successfully appointed a full-time Safety, Health and Environment Advisor in January 2018.

#### **Confidential reporting (whistle-blowing)**

Staff and contractors have access to The National Archives Confidential Reporting (Whistle-blowing) Policy. This provides access to the Chair of the Audit and Risk Committee, or to the Chief Executive and Keeper, who support the individual in raising their concerns. Staff and contractors are reminded of the policy during the year, including how to raise concerns. During the year, no concerns were raised through this route.

#### **Information risk**

The National Archives continues to work hard to demonstrate that we are an exemplar in the field of information risk within UK government.

#### **Lapses in data security**

There were no lapses in data security in The National Archives during 2017-18.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed The National Archives to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by The National Archives during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The National Archives and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year. In preparing the accounts, the Accounting Officer complies with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments 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 accounts
- ensure that they are not aware of any relevant audit information of which the entity's auditors are unaware, and they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information
- confirm that the annual report and accounts as a whole are fair, balanced and understandable, and personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable
- prepare the accounts on the going concern basis.

HM Treasury has appointed Jeff James, Chief Executive and Keeper, as Accounting Officer of The National Archives with responsibility for preparing The National Archives' accounts and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money*.

Jeff James, Accounting Officer, 16 July 2018



## 2.2 Remuneration and staff report

### Senior civil service grades

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found on the Office of Manpower Economics web pages on GOV.UK<sup>10</sup>.

### Service contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointments to be made on merit, on the basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Jeff James' appointment as Chief Executive and Keeper was confirmed by the Ministry of Justice on 29 July 2014 until 28 July 2018 and is extended for a further four-year term from the 29 July 2018 by the Department for Digital, Culture, Media and Sport.

Peter Phippen was appointed as a Non-executive Director on a three-year contract from 6 November 2012 to 5 November 2015, and further extended to 31 December 2015. He was then appointed as a Non-executive Board Member from the 1 January 2016 on a three-year contract.

Lesley Cowley OBE and Dr Claire Feehily were appointed from 1 January 2016 as Non-executive Board Members on a three-year contract.

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<sup>10</sup> [www.gov.uk/government/organisations/office-of-manpower-economics](http://www.gov.uk/government/organisations/office-of-manpower-economics)

Brian Gambles MBE, was appointed as Non-executive Board Member from 1 January 2016 and served until 31 December 2017.

Baroness (Ros) Scott of Needham Market and Mark Richards were appointed as Non-executive Board Members from 21 May 2018.

Service contracts can also be terminated under the standard procedures of the Civil Service Management Code.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommission.org](http://www.civilservicecommission.org)

### **The Nominations and Governance Committee**

The policy on remuneration of senior civil servants, and the deliberations of the Nominations and Governance Committee, adhere to Cabinet Office policy, which follows the guidance and recommendations of the Review Body on Senior Salaries.

### **Salary and bonuses**

Salary includes: gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. Percentage salary increases, and performance bonuses, are agreed by the Nominations and Governance Committee in accordance with strict guidance and parameters set each year by the Cabinet Office.

Senior staff have written objectives agreed with the Chief Executive and Keeper. Performance against these objectives, and against The National Archives' values, forms the basis of their formal appraisal and subsequent pay and bonus recommendations. This information is used by the Nominations and Governance Committee to determine pay awards according to the Review Body on Senior Salaries' annual recommendations.

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses paid in a year relate to performance in the preceding year. As such, bonuses reported in 2017-18 relate to performance in 2016-17 and the comparative bonuses reported for 2016-17 relate to performance in 2015-16.

The following sections provide details of the remuneration and pension interests of the most senior officials (i.e. Board Members) of the department.

The salary, pension entitlements and the value of any taxable benefits in kind of the Chief Executive and Keeper, Executive Directors, Associate Director, Non-executive Directors and Non-executive Board Members of The National Archives, were as follows (audited):<sup>11 12</sup>

|   | 2017-18   |                |                         |                              |                | 2016-17   |                |                         |                              |                |
|---|---|----------------|-------------------------|------------------------------|----------------|---|----------------|-------------------------|------------------------------|----------------|
|   | Salary and<br>FYE (full-<br>year, full-<br>time<br>equivalent)<br>£'000 | Bonus<br>£'000 | Benefit<br>in kind<br>£ | Pension<br>benefits<br>£'000 | Total<br>£'000 | Salary and<br>FYE (full-<br>year, full-<br>time<br>equivalent)<br>£'000 | Bonus<br>£'000 | Benefit<br>in kind<br>£ | Pension<br>benefits<br>£'000 | Total<br>£'000 |
|   | Jeff James<br>Chief Executive<br>and Keeper                             | 120-125        | -                       | -                            | 46             | 165-170   | 115-120        | 5-10                    | -                            | 47             |
| Neil Curtis<br>Finance and<br>Commercial<br>Director (from 21<br>November 2016)                           | 95-100  | -              | -                       | 37                           | 130-135        | 30-35<br>(95-100)   | -              | -                       | 13                           | 45-50          |
| Paul Davies<br>Operations<br>Director (from 1<br>June 2016)<br>Disclosure relates<br>to current role      | 85-90   | -              | -                       | 14                           | 100-105        | 70-75<br>(85-90)  | -              | -                       | 19                           | 90-95          |
| Lucy Fletcher<br>Associate Director<br>– Government<br>Audience.<br>Disclosure relates<br>to current role | 25-30<br>(55-60)  | -              | -                       | 11                           | 35-40          | N/A   | N/A            | N/A                     | N/A                          | N/A            |
| Dr Valerie<br>Johnson<br>Director of<br>Research and<br>Collections                                       | 80-85   | -              | -                       | 40                           | 120-125        | 85-90   | -              | -                       | 40                           | 120-125        |
| Caroline Ottaway-<br>Searle<br>Director, Public<br>Engagement   | 85-90   | 5-10           | -                       | 34                           | 130-135        | 85-90   | 0-5            | -                       | 34                           | 125-130        |
| John Sheridan<br>Digital Director   | 80-85   | -              | -                       | 26                           | 105-110        | 80-85   | -              | -                       | 65                           | 145-150        |
| Carol Tullo (until<br>30 June 2017)<br>Director,<br>Information Policy<br>and Services                    | 20-25<br>(95-100)   | -              | -                       | 3                            | 25-30          | 90-95   | 5-10           | -                       | 20                           | 120-125        |
| Peter Phippen<br>Non-executive<br>Director/Board<br>Member  | 5-10  | N/A            | 100                     | N/A                          | 5-10           | 5-10  | N/A            | 100                     | N/A                          | 10-15          |
| Lesley Cowley<br>OBE<br>Lead Non-<br>executive Board<br>Member (from 1<br>January 2016)                   | 15-20   | N/A            | 200                     | N/A                          | 15-20          | 15-20   | N/A            | 100                     | N/A                          | 15-20          |
| Dr Claire Feehily<br>Non-executive<br>Board Member<br>(from 1 January<br>2016)                            | 10-15   | N/A            | 300                     | N/A                          | 10-15          | 10-15   | N/A            | 400                     | N/A                          | 10-15          |

<sup>11</sup> Salary and full year equivalent (FYE) are presented to the nearest £1,000. FYE is shown in brackets. Benefits in kind are presented to the nearest £100, pension benefits and total remuneration to the nearest £1,000

<sup>12</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights

|  | 2017-18   |                |                         |                              |                | 2016-17   |                |                         |                              |                |
|--|---|----------------|-------------------------|------------------------------|----------------|---|----------------|-------------------------|------------------------------|----------------|
|  | Salary and<br>FYE (full-<br>year, full-<br>time<br>equivalent)<br>£'000 | Bonus<br>£'000 | Benefit<br>in kind<br>£ | Pension<br>benefits<br>£'000 | Total<br>£'000 | Salary and<br>FYE (full-<br>year, full-<br>time<br>equivalent)<br>£'000 | Bonus<br>£'000 | Benefit<br>in kind<br>£ | Pension<br>benefits<br>£'000 | Total<br>£'000 |
| Brian Gambles<br>MBE<br>Non-executive<br>Board Member<br>(from 1 January<br>2016 to 31<br>December 2017) | 5-10<br>(10-15)   | N/A            | -                       | N/A                          | 5-10           | 10-15   | N/A            | -                       | N/A                          | 10-15          |
| Maurice Goddard<br>Independent<br>member of the<br>Audit and Risk<br>committee (to 18<br>November 2016)  | N/A   | N/A            | N/A                     | N/A                          | N/A            | 0 - 5<br>(5 - 10)   | N/A            | -                       | N/A                          | 0 - 5          |
| Robert Milburn<br>Independent<br>member of the<br>Audit and Risk<br>Committee (from<br>16 May 2017)      | 0-5<br>(10-15)  | N/A            | -                       | N/A                          | 0-5            | N/A   | N/A            | N/A                     | N/A                          | N/A            |

### Pay multiples (audited)

|  | 2017-18 | 2016-17 |
|--|---------|---------|
| Band of highest paid Director's remuneration (£) | 120-125 | 125-130 |
| Median total remuneration (£)                    | 30,126  | 28,593  |
| Ratio  | 4.1     | 4.5     |

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

The banded remuneration of the highest-paid Executive Director in The National Archives in the financial year 2017-18 was £120k-£125k (2016-17: £125-£130k). This was 4.1 times the median remuneration of the workforce, which was £30,126, a decrease of 0.4. The decrease can be attributed to a decrease in staff numbers combined with higher level vacancies at the lower grade posts compared to the prior year, together with the impact of a bonus received in the prior year by the highest paid Director.

In both 2017-18 and 2016-17, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,000-£120,000 (2016-17: £15,000-£129,000).

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

## Pension benefits (audited)

| Name  | Accrued pension at pension age as at 31/03/18 and related lump sum | Real increase / (decrease) in pension and related lump sum at pension age | CETV at 31/03/18     | CETV at 31/03/17     | Real increase in CETV |
|---|--|---|----------------------|----------------------|-----------------------|
|   | £000 in bands of £5,000  | £000 in bands of £2,500   | £000 to nearest £000 | £000 to nearest £000 | £000 to nearest £000  |
| Jeff James<br>Chief Executive and Keeper  | 5-10   | 2.5-5   | 113                  | 80                   | 21                    |
| Neil Curtis<br>Finance and Commercial Director (from 21 November 2016)                    | 0-5  | 0-2.5   | 29                   | 7                    | 14                    |
| Paul Davies<br>Operations Director (from 1 June 2016) Disclosure relates to current role. | 20-25  | 0-2.5   | 435                  | 393                  | 12                    |
| Lucy Fletcher<br>Associate Director – Government Audience.                                | 5-10   | 0-2.5   | 43                   | 38                   | 3                     |
| Valerie Johnson, Director of Research and Collections                                     | 15-20  | 2.5-5   | 262                  | 219                  | 18                    |
| Caroline Ottaway-Searle<br>Director, Public Engagement                                    | 20-25  | 0-2.5   | 310                  | 268                  | 25                    |
| John Sheridan<br>Digital Director   | 15-20  | 0-2.5   | 244                  | 218                  | 9                     |
| Carol Tullo (until 30 June 2017), Director, Information Policy and Services               | 20-25 plus a lump sum of 70-75                                     | 0-2.5 plus a lump sum of 0-2.5  | 530                  | 522                  | 2                     |

There were no employer contributions to partnership pension accounts in respect of any of the above.

### Civil service pensions

Pension benefits are provided through the civil service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly-appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.) 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 between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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 from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

### **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. CETVs are calculated 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 that may be due when pension benefits are taken.

**Real increase in CETV**

This reflects the increase in accrued pension 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.

## Staff report

For the ninth year, we participated in the civil service staff engagement survey, achieving an overall engagement score of 66% (2016-17: 68%) and retaining our status as a civil service 'high performer'.

We are committed to training and developing our staff. We have reviewed our learning offer and re-launched a comprehensive programme of learning and development, including an updated Corporate Management Development Programme, which aims to equip line managers with the skills needed to lead and develop staff. We have also run a Career Management Programme available to all staff<sup>13</sup>, and launched the Stepping Up – Exploring Your Potential programme for aspiring managers.

The National Archives, through its senior managers, meets regularly with staff and Trade Union representatives in a number of ways, including the Whitley Council, Health and Safety Committee, and the Equality and Diversity and Staff Forums.

The civil service-wide recruitment restrictions announced in May 2010 are still in place, which means that we have had to look at how best to use our talent across the organisation. We also have other people and skill resource requirements on a short-term, project-specific basis. These are fulfilled by temporary staff (see note 3 to the accounts); this year, we were also subject to the recruitment freeze.

To meet the challenges in delivering *Archives Inspire*, during 2017-18, we started to realign our workforce following an in-depth analysis of our resources, to enable us to shape the future of the organisation and our talent, for the future. As part of this, we undertook a voluntary exit scheme programme, resulting in 29 staff leaving. See Reporting of civil service and other compensation schemes – exit packages (audited) on page 52, for further details of compensation payments.

### **Equality and diversity**

The National Archives is committed to equal opportunities for all. Policies are in place to guard against discrimination and that there are no unfair or illegal barriers to employment or advancement within our organisation. Suitability for employment is based on skills, qualification and experience irrespective of race, age, gender, marital status, disability, sexual orientation, religious or political beliefs or opinions.

The National Archives follows the Civil Service Code of Practice on the Employment of Disabled People, which aims to make sure that there is no discrimination on the grounds of disability.

We continue to encourage and support our staff, and invest in their wellbeing.

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<sup>13</sup> This included a tailored programme during the application period for voluntary exit



## Workforce breakdown

|  |   | 31 March 2018 | 31 March 2017 |
|--|---|---------------|---------------|
| <b>Staff Numbers</b>                         | Headcount                               | 519           | 597           |
|  | Full Time Equivalents (FTE)             | 539           | 568           |
| <b>Workforce Diversity</b>                   | Black and Minority Ethnic <sup>14</sup> | 19.1%         | 19.7%         |
|  | Women – Director level                  | 2 of 6        | 3 of 7        |
|  | Women                                   | 50.5%         | 49.9%         |
|  | Disabled <sup>15</sup>                  | 9.7%          | 10.4%         |
|  | Temporary Appointments <sup>16</sup>    | 10            | 19            |
| <b>Sickness</b>                              | Days per FTE                            | 5.3           | 4.5           |
| <b>Civil Service staff engagement survey</b> | Engagement score %                      | 66            | 68            |
| <b>Consultancy expenditure</b>               | £'000s                                  | 16            | Nil           |

## Average full-time equivalent number of persons employed (audited)

The average number of full-time equivalent persons employed during the year was as follows:

|                                   | 2017-18                    |                           |            | 2016-17    |
|-----------------------------------|----------------------------|---------------------------|------------|------------|
|                                   | Permanently employed staff | Other staff <sup>17</sup> | Total      | Total      |
| Government information management | 106                        | -                         | 106        | 121        |
| Preservation and protection       | 74                         | -                         | 74         | 102        |
| Public access                     | 359                        | -                         | 359        | 345        |
| <b>Total</b>                      | <b>539</b>                 | <b>-</b>                  | <b>539</b> | <b>568</b> |

<sup>14</sup> Percentage of employees declaring an ethnicity

<sup>15</sup> Percentage of employees declaring a disability

<sup>16</sup> Temporary Appointments are employees appointed under Exception 1 of the [Civil Service Recruitment Principles](#)

<sup>17</sup> 'Other staff' includes staff on fixed term contracts as well as agency staff and any specialist contractor

## Senior Civil Service (SCS) by band as at 31 March

| Salary band         | 2017-18  | 2016-17  |
|---------------------|----------|----------|
|                     | Number   | Number   |
| £60,000 - £70,000   | -        | -        |
| £70,000 - £80,000   | -        | -        |
| £80,000 - £90,000   | 4        | 4        |
| £90,000 - £100,000  | 1        | 2        |
| £100,000 - £110,000 | -        | -        |
| £110,000 - £120,000 | -        | 1        |
| £120,000 - £130,000 | 1        | -        |
|                     | <b>6</b> | <b>7</b> |

### Staff costs

Staff costs comprise (audited):

|   | 2017-18                            |                     |               | 2016-17       |
|---|------------------------------------|---------------------|---------------|---------------|
|   | Permanently employed staff<br>£000 | Other staff<br>£000 | Total<br>£000 | Total<br>£000 |
| Wages and salaries                                | 19,240                             | 32                  | 19,272        | 18,967        |
| Social security costs                             | 1,957                              | -                   | 1,957         | 1,889         |
| Other pension costs                               | 3,686                              | -                   | 3,686         | 3,682         |
| <b>Sub total</b>                                  | <b>24,883</b>                      | <b>32</b>           | <b>24,915</b> | <b>24,538</b> |
| Less recoveries in respect of outward secondments | (99)                               | -                   | (99)          | (94)          |
| <b>Total net costs</b>                            | <b>24,784</b>                      | <b>32</b>           | <b>24,816</b> | <b>24,444</b> |

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as alpha – are unfunded multi-employer defined benefit schemes but The National Archives is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the schemes as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at [www.civilservicepensionscheme.org.uk/about-us/resource-accounts](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts)

For 2017-18, employers' contributions of £3,605k were payable to the PCSPS (2016-17: £3,594k) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £78k (2016-17: £85k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £3k (2016-17:

£3k) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £6k (2016-17: £7k). Contributions prepaid at that date were nil (2016-17: nil).

### Reporting of civil service and other compensation schemes – exit packages (audited)

The increase in compensation payments in 2017-18 is due primarily to The National Archives voluntary exit scheme programme, as described in the Financial management commentary on page 18 and the Staff report on page 49 of these accounts.

Details of the compensation scheme payments, and the number of departures during the year, and the previous year, are shown in the table below. Compensation agreed for departures have not exceeded the Cabinet Office's recommended cap of £95,000.

| Exit package cost band               | 2017-18                 |                  |                 | 2016-17                 |                  |                 |
|--------------------------------------|-------------------------|------------------|-----------------|-------------------------|------------------|-----------------|
|                                      | Compulsory redundancies | Other departures | Total           | Compulsory redundancies | Other departures | Total           |
| < £10,000                            | -                       | 2                | 2               | 2                       | -                | 2               |
| £10,000 - £24,999                    | -                       | 11               | 11              | -                       | -                | -               |
| £25,000 - £49,999                    | -                       | 13               | 13              | -                       | 3                | 3               |
| £50,000 - £99,999                    | -                       | 5                | 5               | -                       | 2                | 2               |
| £100,000 - £149,999                  | -                       | -                | -               | -                       | -                | -               |
| £150,000 - £200,000                  | -                       | -                | -               | -                       | -                | -               |
| <b>Total number of exit packages</b> | -                       | 31               | 31              | 2                       | 5                | 7               |
| <b>Total resource cost</b>           | -                       | <b>£991,467</b>  | <b>£991,467</b> | <b>£6,835</b>           | <b>£264,046</b>  | <b>£270,881</b> |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme; a statutory scheme made under the Superannuation Act 1972, where applicable. For departures under the Civil Service Compensation Scheme, exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the civil service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## The Trade Union (Facility Time Publication Requirements) Regulations 2017 (Statutory Instrument 328) report

### Relevant Union officials

|  |                                      |
|--|--------------------------------------|
| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
| 12   | 11.38                                |

### Percentage of time spent on facility time

|                    |                     |
|--------------------|---------------------|
| Percentage of time | Number of employees |
| 0%                 | -                   |
| 1-50%              | 12                  |
| 51%-99%            | -                   |
| 100%               | -                   |

### Percentage of pay bill spent on facility time

|   |             |
|---|-------------|
| Total cost of facility time                             | £23,463     |
| Total pay bill  | £24,816,879 |
| Percentage of the total pay bill spend on facility time | 0.09%       |

### Paid trade union activities

|   |    |
|---|----|
| Time spent on paid trade union activities as a percentage of total paid facility time | 0% |
|---|----|

## Review of tax arrangements of public sector appointees

**Table 1: For off-payroll engagements as of 31 March 2018, for more than £245 per day and that last longer than six months**

|  |          |
|--|----------|
| <b>Number of existing engagements as of 31 March 2018</b>                      | <b>0</b> |
| <b>of which:</b>   |          |
| Number that have existed for less than one year at time of reporting           | 0        |
| Number that have existed for between one and two years at time of reporting    | 0        |
| Number that have existed for between two and three years at time of reporting  | 0        |
| Number that have existed for between three and four years at time of reporting | 0        |
| Number that have existed for four or more years at time of reporting           | 0        |

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last longer than six months**  
**of which:**

|  |   |
|--|---|
| Number of new engagements, or those that reached six months during the period  | 0 |
| Number assessed as caught by IR35  | 0 |
| Number assessed as not by IR35   | 0 |
| <b>Of which...</b>   |   |
| Number engaged directly (via PSC contracted to department) and are on the departmental payroll   | 0 |
| Number of engagements reassessed for consistency/assurance purposes during the year whom assurance has been requested but not received | 0 |
| Number of engagements that saw a change to IR35 status following the consistency review  | 0 |

**Table 3: For any off-payroll engagements of Board Members, and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018**

|  |          |
|--|----------|
| Number of off-payroll engagements of Board Members, and/or senior officials with significant financial responsibility, during the financial year.  | <b>0</b> |
| Total no. of individuals on payroll and off-payroll that have been deemed 'board members, and/or senior officials with significant financial responsibility', during the financial year. | <b>9</b> |

## 2.3 Parliamentary accountability and audit report

### Statement of Parliamentary Supply (SoPS) (audited)

In addition to the primary statements prepared under the International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FRM) requires The National Archives to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit. The SoPS and related notes are subject to audit.

#### Summary of resource and capital outturn 2017-18

|                                       |                  | 2017-18 Estimate |           |               | 2017-18 Outturn |           |               | 2017-18   | 2016-17       |
|---------------------------------------|------------------|------------------|-----------|---------------|-----------------|-----------|---------------|---|---------------|
|                                       |                  | Voted            | Non-voted | Total         | Voted           | Non-voted | Total         | Voted outturn compared with Estimate: saving / (excess) | Total         |
|                                       |                  | £000             | £000      | £000          | £000            | £000      | £000          | £000  | £000          |
|                                       | <b>SoPS Note</b> |                  |           |               |                 |           |               |   |               |
| <b>Departmental Expenditure Limit</b> |                  |                  |           |               |                 |           |               |   |               |
| - Resource                            | 1.1              | 35,128           | -         | 35,128        | 34,463          | -         | 34,463        | 665   | 33,308        |
| - Capital                             | 1.2              | 1,330            | -         | 1,330         | 1,329           | -         | 1,329         | 1   | 2,711         |
| <b>Annually Managed Expenditure</b>   |                  |                  |           |               |                 |           |               |   |               |
| - Resource                            | 1.1              | (61)             | -         | (61)          | (124)           | -         | (124)         | 63  | (149)         |
| - Capital                             | 1.2              | -                | -         | -             | -               | -         | -             | -   | -             |
| <b>Total</b>                          |                  | <b>36,397</b>    | <b>-</b>  | <b>36,397</b> | <b>35,668</b>   | <b>-</b>  | <b>35,668</b> | <b>729</b>  | <b>35,870</b> |
| Total Resource                        | 1.1              | 35,067           | -         | 35,067        | 34,339          | -         | 34,339        | 728   | 33,159        |
| Total Capital                         | 1.2              | 1,330            | -         | 1,330         | 1,329           | -         | 1,329         | 1   | 2,711         |
| <b>Total</b>                          |                  | <b>36,397</b>    | <b>-</b>  | <b>36,397</b> | <b>35,668</b>   | <b>-</b>  | <b>35,668</b> | <b>729</b>  | <b>35,870</b> |

#### Net cash requirement

|                      | 2017-18   | 2017-18       | 2017-18       | 2016-17      |
|----------------------|-----------|---------------|---------------|--------------|
|                      | SoPS Note | Estimate £000 | Outturn £000  | Outturn £000 |
| Net cash requirement | <b>3</b>  | <b>30,110</b> | <b>30,097</b> | 30,417       |

#### Administration costs

|                      | 2017-18   | 2017-18       | 2016-17      |
|----------------------|-----------|---------------|--------------|
|                      | SoPS Note | Estimate £000 | Outturn £000 |
| Administration costs | 1.1       | 9,660         | 8,968        |

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between Estimate and outturn are given in SoPS Note 2 (Analysis of net outturn by section) and in the Management Commentary.

The notes on pages 69 to 96 form part of these accounts.

## Notes to the Statement of Parliamentary Supply

### SOPS1. Net outturn

#### SOPS1.1 Analysis of net resource outturn by section

|  | Administration |                |              | Programme     |                |               | 2017-18<br>Outturn | 2017-18<br>Estimate<br>Net Total<br>compared<br>to<br>Net<br>Total<br>Estimate |                  | 2016-17<br>Outturn |
|--|----------------|----------------|--------------|---------------|----------------|---------------|--------------------|--|------------------|--------------------|
|  | Gross<br>£000  | Income<br>£000 | Net<br>£000  | Gross<br>£000 | Income<br>£000 | Net<br>£000   | Total<br>£000      | Net<br>Total<br>£000   | Estimate<br>£000 | Total<br>£000      |
| Spending in Departmental Expenditure Limit |                |                |              |               |                |               |                    |  |                  |                    |
| - Voted                                    | 9,037          | (69)           | 8,968        | 35,358        | (9,863)        | 25,495        | 34,463             | 35,128   | 665              | 33,308             |
| Annually Managed Expenditure               |                |                |              |               |                |               |                    |  |                  |                    |
| - Voted                                    | -              | -              | -            | (124)         | -              | (124)         | (124)              | (61)   | 63               | (149)              |
| <b>Total</b>                               | <b>9,037</b>   | <b>(69)</b>    | <b>8,968</b> | <b>35,234</b> | <b>(9,863)</b> | <b>25,371</b> | <b>34,339</b>      | <b>35,067</b>  | <b>728</b>       | <b>33,159</b>      |

Variance between outturn and estimate is attributable to the adoption of IFRS 15 Revenue from Contracts with Customers. As such, revenue from prior year commercial licensing resale contracts was released in the current financial period.

## SOPS1.2 Analysis of net capital outturn by section

|   | 2017-18<br>Outturn |                |              | 2017-18<br>Estimate<br>Net Total<br>compared<br>with<br>Estimate<br>£000 | 2016-17<br>Outturn<br><br>Net<br>£000 |
|---|--------------------|----------------|--------------|--|---------------------------------------|
|   | Gross<br>£000      | Income<br>£000 | Net<br>£000  |  |                                       |
| Spending in Departmental Expenditure Limit<br>- Voted | 1,329              | -              | 1,329        | 1,330  | 2,711                                 |
| Annually Managed Expenditure<br>- Voted               | -                  | -              | -            | -  | -                                     |
| <b>Total</b>  | <b>1,329</b>       | <b>-</b>       | <b>1,329</b> | <b>1,330</b>   | <b>2,711</b>                          |

## SOPS2. Reconciliation of outturn to net operating expenditure

### SOPS2.1 Reconciliation of net resource outturn to net operating expenditure

|  | SoPS<br>Note | 2017-18<br>£000 | 2016-17<br>£000 |
|--|--------------|-----------------|-----------------|
| <b>Total resource outturn in Statement of<br/>Parliamentary Supply</b>             | <b>1.1</b>   | <b>34,339</b>   | <b>33,159</b>   |
| Add income and expenditure<br>recognition changes under IFRS 15                    |              | 710             | -               |
| Add capital research expenditure   |              | -               | 10              |
| <b>Net Operating Expenditure in Statement of<br/>Comprehensive Net expenditure</b> |              | <b>35,049</b>   | <b>33,169</b>   |

IFRS 15 Revenue from Contracts with Customers requires income and associated expenditure previously deferred/recognised under IAS 18 Revenue to be reviewed and adjusted as necessary. The net impact of these adjustments was £710k. Further detail on accounting treatment of The National Archives revenue streams impacted by IFRS 15 can be found in note 1.10.



### SOPS3. Reconciliation of net resource outturn to net cash requirement

|  | SoPS<br>Note | Estimate<br>£000 | Outturn<br>£000 | Net total outturn<br>compared with<br>Estimate:<br>saving/(excess)<br>£000 |
|--|--------------|------------------|-----------------|--|
| <b>Resource Outturn</b>                                      | 1.1          | 35,067           | 34,339          | 728  |
| <b>Capital Outturn</b>                                       | 1.2          | 1,330            | 1,329           | 1  |
| <b>Accruals to cash adjustments:</b>                         |              |                  |                 |  |
| <i>Adjustments to remove non-cash items</i>                  |              |                  |                 |  |
| - Depreciation, amortisation and impairment                  |              | (6,300)          | (6,546)         | 246  |
| - Loss on disposal   |              | -                | (76)            | 76   |
| - New provisions and adjustments to previous provisions      |              | -                | 120             | (120)  |
| - Other non-cash items                                       |              | (48)             | (48)            | -  |
| <i>Adjustments to reflect movements in working balances:</i> |              |                  |                 |  |
| - Increase/(decrease) in inventories                         |              | -                | 24              | (24)   |
| - Increase/(decrease) in receivables                         |              | -                | 657             | (657)  |
| - Increase/(decrease) in contract assets                     |              | -                | 5               | (5)  |
| - (Increase)/decrease in payables                            |              | -                | 558             | (558)  |
| - (Increase)/decrease in contract liabilities                |              | -                | (271)           | 271  |
| - Use of provisions  |              | 61               | 6               | 55   |
| <b>Net cash requirement</b>                                  |              | <b>30,110</b>    | <b>30,097</b>   | <b>13</b>  |

### Parliamentary Accountability Disclosures (audited)

#### Losses and special payments

There were no losses or special payments on an individual or cumulative basis that require disclosure because of their size or nature during 2017-18 (2016-7: nil).

#### Remote Contingent Liabilities

In addition to contingent liabilities within the meaning of IAS 37, The National Archives also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. In the year 2017-18 there are no remote contingent liabilities to report (2016-17: nil).

#### Fees and charges

Fees and charges are disclosed in note 5a of the financial statements.

# Core financial tables<sup>18, 19</sup>

**Table 1: Public spending**

|   | 2012-13         | 2013-14         | 2014-15         | 2015-16         | 2016-17         | 2017-18         | 2018-19       | 2019-20       |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|
|   | Outturn<br>£000 | Outturn<br>£000 | Outturn<br>£000 | Outturn<br>£000 | Outturn<br>£000 | Outturn<br>£000 | Plans<br>£000 | Plans<br>£000 |
| <b>Resource Departmental Expenditure Limits (DEL)</b>         |                 |                 |                 |                 |                 |                 |               |               |
| Section A: The National Archives (DEL)                        | 34,799          | 33,915          | 34,093          | 33,941          | 33,308          | 34,463          | 33,570        | 33,570        |
| <b>Total Resource DEL</b>                                     | <b>34,799</b>   | <b>33,915</b>   | <b>34,093</b>   | <b>33,941</b>   | <b>33,308</b>   | <b>34,463</b>   | <b>33,570</b> | <b>33,570</b> |
| <i>Of which:</i>  |                 |                 |                 |                 |                 |                 |               |               |
| Pay   | 24,606          | 24,249          | 24,957          | 24,841          | 24,444          | 24,816          | 24,585        | 24,831        |
| Net current procurement <sup>20</sup>                         | 5,207           | 4,481           | 4,217           | 3,286           | 3,099           | 3,093           | 3,725         | 3,479         |
| Current grants and subsidies to the private sector and abroad | -               | -               | -               | -               | -               | -               | -             | -             |
| Depreciation  | 4,904           | 5,133           | 5,496           | 5,674           | 5,616           | 6,548           | 5,200         | 5,200         |
| Other   | 82              | 50              | (577)           | 140             | 149             | 6               | 60            | 60            |
| <b>Resource Annually Managed Expenditure (AME)</b>            |                 |                 |                 |                 |                 |                 |               |               |
| Section B: The National Archives (AME)                        | (82)            | (52)            | 577             | (140)           | (149)           | (124)           | (60)          | (60)          |
| <b>Total Resource AME</b>                                     | <b>(82)</b>     | <b>(52)</b>     | <b>577</b>      | <b>(140)</b>    | <b>(149)</b>    | <b>(124)</b>    | <b>(60)</b>   | <b>(60)</b>   |
| <i>Of which:</i>  |                 |                 |                 |                 |                 |                 |               |               |
| Take up of provisions   | -               | -               | 610             | -               | -               | -               | -             | -             |
| Release of provisions   | (106)           | (66)            | (34)            | (141)           | (150)           | (126)           | (61)          | (61)          |
| Other   | 24              | 14              | 1               | 1               | 1               | 2               | 1             | 1             |
| <b>Total Resource Budget</b>                                  | <b>34,717</b>   | <b>33,863</b>   | <b>34,670</b>   | <b>33,801</b>   | <b>33,159</b>   | <b>34,339</b>   | <b>33,510</b> | <b>33,510</b> |
| <i>Of which:</i>  |                 |                 |                 |                 |                 |                 |               |               |
| Depreciation  | 4,904           | 5,133           | 5,496           | 5,674           | 5,616           | 6,548           | 5,200         | 5,200         |

<sup>18</sup> The outturn numbers are based on prior year audited figures; however the core financial tables section is not subject to the National Audit Office audit

<sup>19</sup> Plan numbers reflect the 2016-17 to 2019-20 Spending Review settlements. The composition of the plan numbers shown are subject to change as internal plans are further developed

<sup>20</sup> Net of income from sales of goods and services

| <b>Capital DEL</b>                              |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Section A: The National Archives (DEL)          | 4,456         | 2,018         | 2,007         | 1,122         | 2,711         | 1,329         | 3,470         | 400           |
| <b>Total Capital DEL</b>                        | <b>4,456</b>  | <b>2,018</b>  | <b>2,007</b>  | <b>1,122</b>  | <b>2,711</b>  | <b>1,329</b>  | <b>3,470</b>  | <b>400</b>    |
| <i>Of which:</i>                                |               |               |               |               |               |               |               |               |
| Net capital procurement <sup>21</sup>           | 4,456         | 2,018         | 2,007         | 1,122         | 2,711         | 1,329         | 3,470         | 400           |
| <b>Total Capital Budget</b>                     | <b>4,456</b>  | <b>2,018</b>  | <b>2,007</b>  | <b>1,122</b>  | <b>2,711</b>  | <b>1,329</b>  | <b>3,470</b>  | <b>400</b>    |
| <b>Total departmental spending<sup>22</sup></b> |               |               |               |               |               |               |               |               |
|   | <b>34,269</b> | <b>30,748</b> | <b>31,181</b> | <b>29,249</b> | <b>30,254</b> | <b>29,120</b> | <b>31,780</b> | <b>28,710</b> |
| <i>of which:</i>                                |               |               |               |               |               |               |               |               |
| Total DEL                                       | 34,351        | 30,800        | 30,604        | 29,389        | 30,403        | 29,244        | 31,840        | 28,770        |
| Total AME                                       | (82)          | (52)          | 577           | (140)         | (149)         | (124)         | (60)          | (60)          |

**Table 2: Administration budgets**

|  | 2012-13      | 2013-14      | 2014-15      | 2015-16      | 2016-17      | 2017-18      | 2018-19      | 2019-20      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Outturn      | Outturn      | Outturn      | Outturn      | Outturn      | Outturn      | Plans        | Plans        |
|  | £000         | £000         | £000         | £000         | £000         | £000         | £000         | £000         |
| <b>Administration Costs</b>            |              |              |              |              |              |              |              |              |
| Section A: The National Archives (DEL) | 8,489        | 8,570        | 8,660        | 9,097        | 9,583        | 8,968        | 8,500        | 8,500        |
| <b>Total administration budget</b>     | <b>8,489</b> | <b>8,570</b> | <b>8,660</b> | <b>9,097</b> | <b>9,583</b> | <b>8,968</b> | <b>8,500</b> | <b>8,500</b> |
| <i>Of which:</i>                       |              |              |              |              |              |              |              |              |
| Paybill                                | 5,249        | 5,243        | 5,241        | 5,297        | 5,695        | 5,386        | 5,797        | 5,855        |
| Expenditure                            | 3,281        | 3,358        | 3,456        | 3,827        | 3,932        | 3,651        | 2,733        | 2,685        |
| Income                                 | (41)         | (31)         | (37)         | (27)         | (44)         | (69)         | (30)         | (40)         |

Jeff James, Accounting Officer, 16 July 2018

<sup>21</sup> Expenditure on tangible and intangible non-current assets net of sales

<sup>22</sup> Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME

# Audit certificate and report

## The Certificate and Report of the Comptroller and Auditor General to the House of Commons

### Opinion on financial statements

I certify that I have audited the financial statements of The National Archives for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000.

The financial statements comprise: The National Archives' Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of The National Archives' affairs as at 31 March 2018 and of The National Archives' net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2018 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

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

responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of the Accounting Officer for the financial statements**

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

**Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The National Archives' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The National Archives' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also 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.

#### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of The National Archives and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which I report by exception**

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability 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

17 July 2018

## 3. Financial statements

### Accounts summary

#### Statement of Comprehensive Net Expenditure

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which includes changes to the values on non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

#### for the year ended 31 March 2018

|  |      | 2017-18        | 2016-17         |
|--|------|----------------|-----------------|
|  | Note | £000           | £000            |
| Income from sale of goods and services                       | 5    | (9,295)        | (10,776)        |
| <b>Total operating income</b>                                |      | <b>(9,295)</b> | <b>(10,776)</b> |
| Staff costs  | 3    | 24,816         | 24,444          |
| Depreciation and impairment charges                          | 4    | 6,548          | 5,616           |
| Other operating expenditure                                  | 4    | 12,980         | 13,885          |
| <b>Total operating expenditure</b>                           |      | <b>44,344</b>  | <b>43,945</b>   |
| <b>Net operating expenditure</b>                             |      | <b>35,049</b>  | <b>33,169</b>   |
| <b>Other comprehensive net expenditure</b>                   |      |                |                 |
| Items which will not be reclassified to net operating costs: |      |                |                 |
| - Net gain on revaluation of property, plant and equipment   | 6    | (4,273)        | (15,228)        |
| - Net (gain)/loss on revaluation of intangible assets        | 7    | 479            | (2,469)         |
| - Receipt of donated asset                                   |      | 2              | 1               |
| <b>Comprehensive net operating expenditure for the year</b>  |      | <b>31,257</b>  | <b>15,473</b>   |

IFRS 15 is applied using the cumulative effect method. Under this method, the comparative information is not restated. See note 1.3.

The notes on pages 69 to 96 form part of these accounts.



## Statement of Financial Position

This statement presents the financial position of The National Archives. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

as at 31 March 2018

|  | Note | 31 March 2018 |                | 31 March 2017 |                |
|--|------|---------------|----------------|---------------|----------------|
|  |      | £000          | £000           | £000          | £000           |
| <b>Non-current assets:</b>                   |      |               |                |               |                |
| Property, plant and equipment                | 6    | 165,677       |                | 166,581       |                |
| Intangible assets                            | 7    | 20,841        |                | 21,438        |                |
| Prepayments and accrued income               | 12   | 237           |                | 198           |                |
| <b>Total non-current assets</b>              |      |               | <b>186,755</b> |               | <b>188,217</b> |
| <b>Current assets:</b>                       |      |               |                |               |                |
| Inventories                                  |      | 106           |                | 82            |                |
| Contract assets                              | 14   | 5             |                | -             |                |
| Trade and other receivables                  | 12   | 311           |                | 323           |                |
| Other current assets                         | 12   | 3,083         |                | 2,453         |                |
| Cash and cash equivalents                    | 11   | 13            |                | 5             |                |
| <b>Total current assets</b>                  |      |               | <b>3,518</b>   |               | <b>2,863</b>   |
| <b>Total assets</b>                          |      |               | <b>190,273</b> |               | <b>191,080</b> |
| <b>Current liabilities</b>                   |      |               |                |               |                |
| Trade and other payables                     | 13   | (468)         |                | (357)         |                |
| Contract liabilities                         | 14   | (271)         |                | -             |                |
| Provisions                                   | 15   | (13)          |                | (12)          |                |
| Other liabilities                            | 13   | (4,797)       |                | (5,654)       |                |
| <b>Total current liabilities</b>             |      |               | <b>(5,549)</b> |               | <b>(6,023)</b> |
| <b>Total assets less current liabilities</b> |      |               | <b>184,724</b> |               | <b>185,057</b> |
| <b>Non-current liabilities:</b>              |      |               |                |               |                |
| Other liabilities                            | 13   | (800)         |                | (604)         |                |
| Provisions                                   | 15   | (198)         |                | (325)         |                |
| <b>Total non-current liabilities</b>         |      |               | <b>(998)</b>   |               | <b>(929)</b>   |
| <b>Total assets less liabilities</b>         |      |               | <b>183,726</b> |               | <b>184,128</b> |
| <b>Taxpayers' equity and other reserves:</b> |      |               |                |               |                |
| General fund                                 |      |               | 60,123         |               | 62,032         |
| Donated asset reserve                        |      |               | 5              |               | 7              |
| Revaluation reserve                          |      |               | 123,598        |               | 122,089        |
| <b>Total equity</b>                          |      |               | <b>183,726</b> |               | <b>184,128</b> |

IFRS 15 is applied using the cumulative effect method. Under this method the comparative information is not restated. See note 1.3.

The notes on pages 69 to 96 form part of these accounts.

Jeff James, Accounting Officer, 16 July 2018

## Statement of Cash Flows

### for the year ended 31 March 2018

The Statement of Cash Flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the departments' future public service delivery.

|  | Note | 2017-18<br>£000 | 2016-17<br>£000 |
|--|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>  |      |                 |                 |
| Net operating cost   |      | (35,049)        | (33,169)        |
| Adjustments for non-cash transactions  |      | 6,531           | 5,561           |
| Adjustment for gain on disposal  |      | (4)             | -               |
| (Increase)/decrease in trade and other receivables   | 12   | (657)           | 784             |
| (Increase)/decrease in contract assets   | 14   | (5)             | -               |
| (Increase)/decrease in inventories   |      | (24)            | 12              |
| Increase/(decrease) in trade and other payables  | 13   | (550)           | (875)           |
| Increase/(decrease) in contract liabilities  | 14   | 271             | -               |
| <i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>                         |      | (8)             | 6               |
| <i>less movements in opening balance relating to items not passing through the Statement of Comprehensive Net Expenditure</i>                  |      | 710             | -               |
| <i>less movements in fixed assets relating to items not passing through the Statement of Comprehensive Net Expenditure</i>                     |      | 19              | -               |
| Use of provisions  | 15   | (6)             | (35)            |
| <b>Net cash outflow from operating activities</b>  |      | <b>(28,772)</b> | <b>(27,716)</b> |
| <b>Cash flows from investing activities</b>  |      |                 |                 |
| Purchase of property, plant and equipment  | 6    | (1,329)         | (2,468)         |
| Purchase of intangible assets  | 7    | -               | (233)           |
| Proceeds of disposal of property, plant and equipment  |      | 4               | -               |
| <b>Net cash outflow from investing activities</b>  |      | <b>(1,325)</b>  | <b>(2,701)</b>  |
| <b>Cash flows from financing activities</b>  |      |                 |                 |
| From the Consolidated Fund (Supply) - current year   |      | 30,105          | 30,411          |
| Payment of Consolidated Fund Extra Receipts  |      | -               | -               |
| <b>Net financing</b>   |      | <b>30,105</b>   | <b>30,411</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b> |      | <b>8</b>        | <b>(6)</b>      |
| Payments of amounts due to the Consolidated Fund   |      | -               | -               |
| <b>Cash and cash equivalents at the beginning of the period</b>  | 11   | <b>5</b>        | <b>11</b>       |
| <b>Cash and cash equivalents at the end of the period</b>  | 11   | <b>13</b>       | <b>5</b>        |

IFRS 15 is applied using the cumulative effect method. Under this method the comparative information is not restated. See note 1.3. The notes on pages 69 to 96 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

### for the year ended 31 March 2018

This statement shows the movement in the year on the different reserves held, analysed into general fund reserves (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

|  | Note | General Fund<br>£000 | Revaluation Reserve<br>£000 | Donated Asset Reserve<br>£000 | Taxpayers' equity<br>£000 |
|--|------|----------------------|-----------------------------|-------------------------------|---------------------------|
| <b>Balance at 31 March 2016</b>            |      | <b>62,924</b>        | <b>106,204</b>              | <b>8</b>                      | <b>169,136</b>            |
| Net Parliamentary funding                  |      | 30,417               | -                           | -                             | 30,417                    |
| Comprehensive net expenditure for the year |      | (33,169)             | 17,697                      | (1)                           | (15,473)                  |
| Auditor's remuneration                     | 4    | 48                   | -                           | -                             | 48                        |
| Transfers between reserves                 |      | 1,812                | (1,812)                     | -                             | -                         |
| <b>Balance at 31 March 2017</b>            |      | <b>62,032</b>        | <b>122,089</b>              | <b>7</b>                      | <b>184,128</b>            |
| Balance at 1 April 2017                    |      | 62,032               | 122,089                     | 7                             | 184,128                   |
| Impact of change in accounting policy      |      | 710                  | -                           | -                             | 710                       |
| <b>Adjusted balance at 1 April 2017</b>    |      | <b>62,742</b>        | <b>122,089</b>              | <b>7</b>                      | <b>184,838</b>            |
| Net Parliamentary funding                  |      | 30,097               | -                           | -                             | 30,097                    |
| Comprehensive net expenditure for the year |      | (35,049)             | 3,794                       | (2)                           | (31,257)                  |
| Auditor's remuneration                     | 4    | 48                   | -                           | -                             | 48                        |
| Transfers between reserves                 |      | 2,285                | (2,285)                     | -                             | -                         |
| <b>Balance at 31 March 2018</b>            |      | <b>60,123</b>        | <b>123,598</b>              | <b>5</b>                      | <b>183,726</b>            |

IFRS 15 is applied using the cumulative effect method. Under this method the comparative information is not restated. See note 1.3

The notes on pages 69 to 96 form part of these accounts.

# Notes to the Departmental Resource Accounts

## 1. Statement of accounting policies

### 1.1 Basis of accounting

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by HM Treasury. This is with the exception of revenue accounted for under IAS 18 Revenue and/or related interpretations that have been superseded by IFRS 15 Revenue from Contracts with Customers, for which HM Treasury have approved early adoption. For such revenue, The National Archives applies the accounting principles and disclosure requirements of IFRS 15 as adapted and interpreted in the 2018-19 FReM. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted by the FReM.

Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of The National Archives for the purpose of giving a true and fair view has been selected. The particular policies adopted by The National Archives are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the department to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for any material revaluation of assets and liabilities to fair value in accordance with the standards, and subject to interpretations and adaptations of those standards contained in the FReM.

### 1.3 New and revised International Financial Reporting Standards (IFRS)

#### Standards issued and adopted

Except for the change below, The National Archives has consistently applied the accounting policies to all periods presented in these financial statements.

The National Archives has early adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 April 2017. As a result, The National Archives has changed its accounting policy for revenue recognition as detailed below.

The National Archives has applied IFRS 15 using the cumulative effect method i.e. by recognising the cumulative effect of initially applying IFRS15 as an adjustment to the opening balance of equity at 1 April 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18.

Significant revenue stream recognition changes as a result of the newly adopted accounting policy include a deferral of income from a software development contract that would be recognised in year under IAS 18 of £1m (associated costs deferred £630k) and recognition of lump sum payments for licensing resales that were deferred under IAS 18 Revenue.

The following tables summarise the impacts of adopting IFRS 15 on the 31 March 2018 financial reports.

### Statement of Financial Position: for the year ended 31 March 2018

|  | As reported<br>£000 | Adjustments<br>£000 | Impact of changing accounting policy<br>Balances<br>without<br>adoption of<br>IFRS15<br>£000 |
|--|---------------------|---------------------|--|
| <b>Non-current assets:</b>                   |                     |                     |  |
| Property, plant and equipment                | 165,677             | -                   | 165,677  |
| Intangible assets                            | 20,841              | -                   | 20,841   |
| Prepayments and accrued income               | 237                 | -                   | 237  |
|  | <b>186,755</b>      | <b>-</b>            | <b>186,755</b>   |
| <b>Current assets:</b>                       |                     |                     |  |
| Inventories                                  | 106                 | -                   | 106  |
| Contract assets                              | 5                   | (5)                 | -  |
| Trade and other receivables                  | 311                 | -                   | 311  |
| Other current assets                         | 3,083               | 196                 | 3,279  |
| Cash and cash equivalents                    | 13                  | -                   | 13   |
| <b>Total current assets</b>                  | <b>3,518</b>        | <b>191</b>          | <b>3,709</b>   |
| <b>Total assets</b>                          | <b>190,273</b>      | <b>191</b>          | <b>190,464</b>   |
| <b>Current liabilities</b>                   |                     |                     |  |
| Trade and other payables                     | (468)               | -                   | (468)  |
| Contract liabilities                         | (271)               | 271                 | -  |
| Provisions                                   | (13)                | -                   | (13)   |
| Other liabilities                            | (4,797)             | (286)               | (5,083)  |
| <b>Total current liabilities</b>             | <b>(5,549)</b>      | <b>(15)</b>         | <b>(5,564)</b>   |
| <b>Total assets less current liabilities</b> | <b>184,724</b>      | <b>176</b>          | <b>184,900</b>   |
| <b>Non-current liabilities:</b>              |                     |                     |  |
| Other liabilities                            | (800)               | (406)               | (1,206)  |
| Provisions                                   | (198)               | -                   | (198)  |
| <b>Total non-current liabilities</b>         | <b>(998)</b>        | <b>(406)</b>        | <b>(1,404)</b>   |
| <b>Total assets less liabilities</b>         | <b>183,726</b>      | <b>(230)</b>        | <b>183,496</b>   |
| <b>Taxpayers' equity and other reserves:</b> |                     |                     |  |
| General fund                                 | 60,123              | (230)               | 59,893   |
| Donated asset reserve                        | 5                   | -                   | 5  |
| Revaluation reserve                          | 123,598             | -                   | 123,598  |
| <b>Total equity</b>                          | <b>183,726</b>      | <b>(230)</b>        | <b>183,496</b>   |

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

|  | Impact of changing accounting policy |                     | Balances<br>without<br>adoption of<br>IFRS15<br>£000 |
|--|--------------------------------------|---------------------|--|
|  | As reported<br>£000                  | Adjustments<br>£000 |  |
| Income from sale of goods and services | (9,295)                              | (129)               | (9,424)  |
| <b>Total operating income</b>          | <b>(9,295)</b>                       | <b>(129)</b>        | <b>(9,424)</b>                                       |
| Staff costs                            | 24,816                               | -                   | 24,816   |
| Depreciation and impairment charges    | 6,548                                | -                   | 6,548  |
| Other operating expenditure            | 12,980                               | 415                 | 13,395   |
| <b>Total operating expenditure</b>     | <b>44,344</b>                        | <b>415</b>          | <b>44,759</b>  |
| <b>Net operating expenditure</b>       | <b>35,049</b>                        | <b>286</b>          | <b>35,335</b>  |

## Statement of Cash Flows for the year ended 31 March 2018

|  | Impact of changing accounting policy |                     | Balances<br>without<br>adoption of<br>IFRS15<br>£000 |
|--|--------------------------------------|---------------------|--|
|  | As reported<br>£000                  | Adjustments<br>£000 |  |
| <b>Cash flows from operating activities</b>  |                                      |                     |  |
| Net operating cost   | (35,049)                             | (286)               | (35,335)   |
| Adjustments for non-cash transactions  | 6,531                                | -                   | 6,531  |
| Adjustments for gain on disposal   | (4)                                  | -                   | (4)  |
| (Increase)/decrease in trade and other receivables   | (657)                                | (196)               | (853)  |
| (Increase)/decrease in contract assets   | (5)                                  | 5                   | -  |
| (Increase)/decrease in inventories   | (24)                                 | -                   | (24)   |
| Increase/(decrease) in trade and other payables  | (550)                                | 692                 | 142  |
| Increase/(decrease) in contract liabilities  | 271                                  | (271)               | -  |
| <i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>                         | (8)                                  | -                   | (8)  |
| <i>less movements in opening balance relating to items not passing through the Statement of Comprehensive Net Expenditure</i>                  | 710                                  | (710)               | -  |
| <i>Add release of IFRS15 adjustment</i>  | -                                    | 766                 | 766  |
| <i>less movements in fixed assets relating to items not passing through the Statement of Comprehensive Net Expenditure</i>                     | 19                                   | -                   | 19   |
| Use of provisions  | (6)                                  | -                   | (6)  |
| <b>Net cash outflow from operating activities</b>  | <b>(28,772)</b>                      | <b>-</b>            | <b>(28,772)</b>                                      |
| <b>Cash flows from investing activities</b>  |                                      |                     |  |
| Purchase of property, plant and equipment  | (1,329)                              | -                   | (1,329)  |
| Proceeds of disposal of property, plant and equipment  | 4                                    | -                   | 4  |
| <b>Net cash outflow from investing activities</b>  | <b>(1,325)</b>                       | <b>-</b>            | <b>(1,325)</b>                                       |
| <b>Cash flows from financing activities</b>  |                                      |                     |  |
| From the Consolidated Fund (Supply) - current year   | 30,105                               | -                   | 30,105   |
| Payment of Consolidated Fund Extra Receipts  | -                                    | -                   | -  |
| <b>Net financing</b>   | <b>30,105</b>                        | <b>-</b>            | <b>30,105</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b> | <b>8</b>                             | <b>-</b>            | <b>8</b>   |
| Payments of amounts due to the Consolidated Fund   | -                                    | -                   | -  |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>5</b>                             | <b>-</b>            | <b>5</b>   |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>13</b>                            | <b>-</b>            | <b>13</b>  |

## Standards issued but not effective

Certain new standards, interpretations and amendments to existing standards have been published that The National Archives will be required to apply on or after 1 April 2018 or later periods, following EU-adoption and as applied by the FReM. These standards are not expected to have a material impact on The National Archives' future accounts. They are as follows:

- IFRS 9 Financial Instruments will replace IAS39 Financial Instruments: Recognition and Measurement, and is expected to simplify and improve reporting of financial instruments. This standard is not expected to have a material impact on The National Archives' future accounts.
- IFRS 16 Leases specifies how an IFRS reporter will recognise, measure, present and disclose leases. This standard is likely to result in an increase in contracts with suppliers identified as leases.

### 1.4 Property, plant and equipment

Property, plant and equipment other than land and buildings consist of plant and machinery, furniture and fittings, transport, equipment, and information and communication technology. Expenditure on restoration and conservation work is part of the normal operating costs of The National Archives and is not capitalised. It is recorded as part of programme costs.

The National Archives building and grounds at Kew are freehold property. There are no leased assets recognised in the Statement of Financial Position.

Land and buildings are stated at fair value using professional valuations every five years minimum. Appropriate indices are used in intervening years. Land and building have been indexed using the Office for National Statistics 'Construction output price indices: public (other than housing) new work'.

Other non-current assets are stated at fair value using appropriate indices only where their values are material with respect to the overall net book value of non-current assets held. Where indices are not applied, depreciated historical cost is considered as a proxy for fair value, as per FReM 7.1.14.

The minimum level for capitalisation of an individual tangible non-current asset is £5,000. Where bulk purchases are made for individual assets whose unit costs are below the threshold, but in aggregate exceed £30,000 within a financial year, the assets are capitalised.

Directly attributable costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating are also capitalised. This includes the costs of external contractors who deliver on information technology projects as well as salaries of internal staff working 100% of their time on particular capital projects.

## 1.5 Heritage assets

The National Archives holds more than 11 million physical records, artefacts and a significant and growing digital archive classed as non-operational heritage assets which are held in order to fulfil our statutory function which includes ensuring that important information is preserved and that it can be accessed and used.

Records in our collection have been catalogued and contain descriptions of a broad range of documents and items. Further details of our online catalogue, Discovery, can be found at: [nationalarchives.gov.uk/records](https://nationalarchives.gov.uk/records)

In the opinion of The National Archives' Board, reliable information on cost or valuation is not available for the department's collection of heritage assets. This is due to the diverse nature of the assets held, the lack of information on purchase cost (as the assets are not purchased); the lack of comparable market values; and the volume of items held. As well as the aforementioned, any market value placed on these assets would not be a true reflection of the value of the assets to the nation's heritage; the assets, if lost, could not be replaced or reconstructed. These assets are therefore not reported in the Statement of Financial Position.

Certain items within the overall collection are of particular significance, including Domesday Book, one of our most prized national treasures, which has been preserved for over nine centuries and is now cared for at Kew; two contemporary versions of Magna Carta; unique records of official treaties; and a host of irreplaceable social records. Further details of the preservation and management of our heritage assets are provided in note 8 of the accounts.

## 1.6 Intangible assets

Intangible assets comprise software licences purchased from third parties, amortised over the life of the licence, and costs associated with systems in the course of construction as they are developed and implemented, amortised over their estimated useful life for up to five years.

In addition, The National Archives recognises licences issued to third parties and internal revenue generating databases (such as our Digital Download and Image Library services) as intangible assets with indefinite lives, reflecting the underlying nature of the supporting public records. The valuation adopted in each case is based on current forecasts of reasonably foreseeable future revenue generating capacity, discounted as appropriate.

Each intangible asset is subject to annual review to assess at each reporting date whether there is any indication that the asset is impaired, as required by *International Accounting Standard 36: Impairment of Assets*. Further details of the effects of changes in our forecast estimates are shown under market risk in note 10 of the accounts.



## 1.7 Depreciation and amortisation

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other non-current assets by equal instalments over their estimated useful lives. Assets in the course of construction are not depreciated. Lives are normally in the following ranges:

|                              |                  |
|------------------------------|------------------|
| Buildings                    | up to 40 years   |
| Information technology       | up to five years |
| Plant and machinery          | up to 25 years   |
| Furniture and fittings       | up to 50 years   |
| Transport equipment          | up to ten years  |
| Software licences            | up to five years |
| Licences issued              | indefinite       |
| Revenue-generating databases | indefinite       |

## 1.8 Inventories

Current asset stocks, as held for sale, are valued at the lower of cost and net realisable value.

## 1.9 Foreign Currencies

Transactions denominated in foreign currency are accounted for at the Stirling equivalent at the exchange rate ruling at the time of the transaction. Differences on translation of balances are recognised as operating costs within the Consolidated Statement of Comprehensive Net Expenditure.

## 1.10 Revenue recognition

The National Archives has elected to early adopt IFRS 15 with effect from 1 April 2017 using the cumulative effect method, and therefore comparative information has not been restated and continues to be reported under IAS 18.

Revenue principally comprises charges for services provided – such as for the sale of copies of documents, sale of publications and other items and services, reproduction fees and as well as income generated by the licensing of digital copies of historical records. Operating income also includes grants and contributions from organisations, including other government departments, to carry out specific projects.

In the comparative period, all contracted revenue was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration probable, and the associated costs and the revenue could be measured reliably. Elements that related to work not yet completed were held at the reporting date as deferred income and subsequently recognised as income upon completion of service.

The following is a description of principal contracted activities and its associated performance obligation and significant payment terms under IFRS 15. The details of the accounting policies under IAS18 is disclosed separately if they are different from those under IFRS15 and the impact of those changes are disclosed in Note 1.3.

| <b>Revenue stream</b>   | <b>Nature, timing of performance obligations and significant payment terms</b>   |
|---|--|
| <p><b>Royalties</b><br/>Commercial partners use accessioned content on their websites and pay us royalties for image usage.</p> | <p>The National Archives recognises revenue from image usage by commercial partners at an agreed royalty usage rate. Royalties are typically billed on a quarterly basis.</p>  |
| <p><b>Software development</b><br/>Preparation of records and development of website for use by commercial partner.</p>         | <p>Under IAS 18, Revenue is recognised as costs are incurred on each element of the contract deliverables.</p> <p>Under IFRS 15 revenue is recognised once the control of the software has passed to the commercial partner. Billing is in line with costs incurred. Project revenue and costs are deferred until ownership has passed.</p>  |
| <p><b>Reprographics</b><br/>A copying service for bulk orders from commercial companies.</p>                                    | <p>Under IAS 18 revenue is recognised as copying work progresses.</p> <p>Under IFRS15 revenue is recognised once the copies are provided to the third party. Customers are charged prior to the distribution of images.</p>  |
| <p><b>Licensing resales</b><br/>Digital copies of accessioned records sold to commercial partners.</p>                          | <p>Once the primacy period in the licence to the original commercial partner to sell images has expired, The National Archives can sell the images to another commercial partner for a lump sum. The lump sum is received in advance and recognised at the time of granting the licence unless The National Archives require the images to be updated over the period which the commercial partner has access to the licenced material. In such cases the lump sum is recognised over the period of the licence.</p> |
| <p><b>Record copying</b><br/>Paper or digital copies of accessioned records sold to public.</p>                                 | <p>Public request paper or digital copies of our records. Orders are distributed to customers in hard copy or digital format. Revenue is recognised on delivery.</p>   |

### 1.11 Short-term staff benefits

The National Archives recognises the liability associated with the short-term staff benefit for untaken but earned annual leave entitlement at the end of the reporting period. This liability is reviewed annually.

## **1.12 Administration and programme expenditure**

The Statement of Comprehensive Net Expenditure comprises administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs as set out by HM Treasury in the *Consolidated Budgeting Guidance*.

Costs classified as administration expenditure include costs to cover functions of finance, information technology, procurement, human resources and organisational development. Other costs include corporate planning and strategy services, internal corporate communications, corporate governance and board management, knowledge and information management, and project management.

Programme expenditure reflects the total costs of service delivery excluding all aforementioned administrative costs of The National Archives. These costs are for providing direct services of, for example, public access to national records, family records and archives at Kew; the publishing, conservation and preservation of records; and UK information management advice and policy including standards, compliance, and copyright.

## **1.13 Pensions**

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees in The National Archives. While this is an unfunded defined benefit scheme, in accordance with the FReM adaptation of IAS 19, The National Archives accounts for it as a defined contribution scheme. The National Archives recognises contributions payable as an expense in the year in which they are incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

## **1.14 Early departure costs**

Under the previous Civil Service Compensation Scheme (in place until 22 December 2010) the department was required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date.

Under the new Civil Service Compensation Scheme the department pays over a lump sum to PCSPS to cover these costs in full following agreement of the departure rather than on an ongoing basis and therefore these transactions are expensed when they occur rather than being recognised as provisions.

The provision recognised for early retirement therefore reflects costs associated with staff who retired before the transition to the new Civil Service Compensation Scheme. The National Archives provided in full for this cost when the early retirement programme became binding by establishing a provision for the estimated payments. The provision ceased in accounting period 2016-17.

## **1.15 Operating leases**

### **The National Archives as Lessor**

The National Archives has changed accounting policy in respect of income from a material contract from IAS 18 Revenue to IAS 17 Leases in order to more accurately reflect the nature of the transaction. As the income is classified as an operating lease under IAS 17, there is no change to the prior year comparative figures. Revenue generated from such contracts is recognised on a straight line basis for fixed income and variable income is recognised as publishing rights are granted.

The National Archives does not act as a finance lessor.

### **The National Archives as lessee**

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term. There are no finance leases.

## **1.16 Value Added Tax (VAT)**

Most of the activities of the department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase price of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

## **1.17 Provisions and contingent liabilities**

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when The National Archives has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount. If the likelihood of payment is less than probable, but greater than remote, a contingent liability is disclosed in the accounts.

Provisions and contingent liabilities are valued at the best estimate of the expenditure required to settle the obligation. They are discounted to present value using rates set by HM Treasury, where the effect is material.

## **1.18 Third party assets**

The National Archives holds monetary assets on a temporary basis on behalf of other government departments for disbursement to them. These balances are related to arrangements for the collection and allocation of income that is generated by the licensing of Crown copyright material originated by departments and agencies that do not have delegated authority to license this material themselves. The Chief Executive and Keeper, Jeff James, is the Controller of Her Majesty's Stationery Office (HMSO) who has responsibility for the management and licensing of copyrights owned by the Crown in his capacity as Queen's Printer and Queen's Printer for Scotland. At 31 March 2018, the value of those cash assets was £49,751. In accordance with the FReM, as government has a beneficial interest in these assets, the balances are included in the accounts within cash and trade payables.

### **1.19 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The financial statements of The National Archives include estimates and assumptions that could influence the financial statements of subsequent financial years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Non-current assets:** Land and buildings are stated at fair value using professional valuations every five years minimum. Appropriate indices are used in intervening years. The selection of the indices used represents an accounting judgement and uncertainty in the valuation of non-current assets. The National Archives considers the Office for National Statistics 'Construction output price indices: public (other than housing) new work' as the most appropriate index.

**Intangible Assets:** Intangible asset valuations of revenue databases and licenses are based on forecasts of future revenue generating capacity. Further details in note 10.

**Heritage assets:** Reliable information on cost or valuation is not available for the department's collection of heritage assets. Further details in note 1.5.

**Revenue recognition:** As set out in Note 5.2, IFRS 15 – Revenue Recognition from Contracts with Customers requires judgments and estimates. Judgement relates to the determination of performance obligations in each of the major revenue streams, having the potential to impact the revenue recognition pattern under the contract. Assumptions are required to determine an appropriate measure of progress when determining how control over promised goods or services transfers to the customer. All of the above have the potential to result in a different revenue recognition pattern.

### **1.20 Prior period adjustments**

There are no prior period adjustments.

## 2. Statement of Operating Expenditure by Operating Segment

International Financial Reporting Standard 8: Operating Segments (IFRS8) requires operating segmental information to be provided based on information that the Chief Executive and Keeper as Chief Operating Decision Maker (CODM) uses to make decisions about the organisation. This information reviewed by the CODM is currently presented based on our management structure as per pages 27 to 28. In order to aid readers' understanding, the segments below have been presented in line with our public task, which can be summarised as: leading on policy and best practice in knowledge and information management for the public sector; preserving and protecting the record; and providing public access.

In accordance with IFRS8, below is a schedule of income and expenditure against each identified segment. Overheads are allocated proportionally based on the direct income/costs identified.

|   | 2017-18                           |                             |               |               |
|---|-----------------------------------|-----------------------------|---------------|---------------|
|   | Government information management | Preservation and protection | Public access | Total         |
|   | £000                              | £000                        | £000          | £000          |
| Income                                    | (2,086)                           | (197)                       | (7,012)       | (9,295)       |
| Operating expenditure                     | 7,532                             | 13,558                      | 16,706        | 37,796        |
| Depreciation, amortisation and impairment | 1,295                             | 2,353                       | 2,900         | 6,548         |
| <b>Net operating cost</b>                 | <b>6,741</b>                      | <b>15,714</b>               | <b>12,594</b> | <b>35,049</b> |

|   | 2016-17                           |                             |               |               |
|---|-----------------------------------|-----------------------------|---------------|---------------|
|   | Government information management | Preservation and protection | Public access | Total         |
|   | £000                              | £000                        | £000          | £000          |
| Income                                    | (2,898)                           | (367)                       | (7,511)       | (10,776)      |
| Operating expenditure                     | 8,609                             | 10,314                      | 19,406        | 38,329        |
| Depreciation, amortisation and impairment | 1,261                             | 1,511                       | 2,844         | 5,616         |
| <b>Net operating cost</b>                 | <b>6,972</b>                      | <b>11,458</b>               | <b>14,739</b> | <b>33,169</b> |

## 3. Staff costs

Staff costs comprise:

|   | 2017-18                    |             |               | 2016-17       |
|---|----------------------------|-------------|---------------|---------------|
|   | Permanently Employed Staff | Other staff | Total         | Total         |
|   | £000                       | £000        | £000          | £000          |
| Wages and salaries                                | 19,240                     | 32          | 19,272        | 18,967        |
| Social Security costs                             | 1,957                      | -           | 1,957         | 1,889         |
| Other pension costs                               | 3,686                      | -           | 3,686         | 3,682         |
| <b>Sub total</b>                                  | <b>24,883</b>              | <b>32</b>   | <b>24,915</b> | <b>24,538</b> |
| Less recoveries in respect of outward secondments | (99)                       | -           | (99)          | (94)          |
| <b>Total net costs</b>                            | <b>24,784</b>              | <b>32</b>   | <b>24,816</b> | <b>24,444</b> |

Further analysis on staff numbers, compensation scheme packages and pension disclosure can be found on pages 50-52, within the accountability report.

## 4. Operating costs

|  | 2017-18 |               | 2016-17 |               |
|--|---------|---------------|---------|---------------|
|  | £000    | £000          | £000    | £000          |
| <b>Rentals under operating leases:</b>             |         |               |         |               |
| Hire of Plant and Machinery                        |         | 37            |         | 40            |
| <b>Non-cash items:</b>                             |         |               |         |               |
| Depreciation and amortisation                      |         |               |         |               |
| - Civil Estate                                     | 4,089   |               | 3,279   |               |
| - Other non-current assets                         | 2,427   |               | 2,337   |               |
| Impairment   | 32      |               | -       |               |
| Auditor's remuneration - audit work                | 48      |               | 48      |               |
| Loss on disposal of non-current assets             | 57      |               | 12      |               |
| Provisions:  |         |               |         |               |
| Released in year                                   | (120)   |               | (115)   |               |
|  |         | <b>6,533</b>  |         | <b>5,561</b>  |
| <b>Other expenditure</b>                           |         |               |         |               |
| Accommodation and building maintenance             | 6,771   |               | 5,778   |               |
| Other contracted services                          | 1,065   |               | 1,701   |               |
| IT maintenance                                     | 1,293   |               | 1,286   |               |
| Recruitment and training                           | 309     |               | 385     |               |
| Minor software and hardware                        | 133     |               | 239     |               |
| Telecommunications                                 | 190     |               | 179     |               |
| Internal audit                                     | 44      |               | 76      |               |
| Travel, subsistence and hospitality                | 285     |               | 327     |               |
| Legal expenses                                     | 86      |               | 75      |               |
| Advertising  | 66      |               | 72      |               |
| Consultancy  | 16      |               | -       |               |
| Postage, stationery and store supplies             | 150     |               | 183     |               |
| Grants paid  | 341     |               | 601     |               |
| Film and internet archiving                        | 768     |               | 689     |               |
| Subscriptions                                      | 168     |               | 233     |               |
| Public access                                      | 448     |               | 576     |               |
| Digitisation and scanning                          | -       |               | 15      |               |
| Shop stores  | 148     |               | 139     |               |
| Conferences  | 51      |               | 69      |               |
| Website hosting                                    | 399     |               | 448     |               |
| Conservation and preserving materials              | 22      |               | 32      |               |
| Minor furniture, equipment and related maintenance | 131     |               | 203     |               |
| Royalties  | -       |               | 43      |               |
| Contract expenditure (IFRS 15)                     | (635)   |               | -       |               |
| Other expenditure                                  | 709     |               | 551     |               |
|  |         | <b>12,958</b> |         | <b>13,900</b> |
|  |         | <b>19,528</b> |         | <b>19,501</b> |

No fees have been paid to auditors for non-audit work.

## 5. Income

### 5.1 Classification of income

|   | 2017-18      | 2016-17       |
|---|--------------|---------------|
|   | £000         | £000          |
| <b>Operating income analysed by classification and activity, is as follows:</b> |              |               |
| Income:   |              |               |
| Fees and charges to external customers  | 9,194        | 10,304        |
| Fees and charges to other government departments                                | 101          | 472           |
|   | <b>9,295</b> | <b>10,776</b> |

a) An analysis of operating income from services provided is as follows:

|                            | 2017-18      | 2017-18      | 2017-18           |
|----------------------------|--------------|--------------|-------------------|
|                            | Income       | Full cost    | (Deficit)/Surplus |
|                            | £000         | £000         | £000              |
| Reprographic services      | 399          | 365          | 34                |
| Information and publishing | 6,741        | 3,260        | 3,481             |
| Externally funded projects | 480          | 470          | 10                |
| Other                      | 1,675        | 1,675        | -                 |
|                            | <b>9,295</b> | <b>5,770</b> | <b>3,525</b>      |

|                            | 2016-17       | 2016-17      | 2016-17           |
|----------------------------|---------------|--------------|-------------------|
|                            | Income        | Full cost    | (Deficit)/Surplus |
|                            | £000          | £000         | £000              |
| Reprographic services      | 401           | 581          | (180)             |
| Information and publishing | 7,836         | 3,408        | 4,428             |
| Externally funded projects | 572           | 594          | (22)              |
| Other                      | 1,967         | 1,967        | -                 |
|                            | <b>10,776</b> | <b>6,550</b> | <b>4,226</b>      |

The category 'other' includes charges for our public services, for which the charges are set out by the Fees Regulations under the Public Record Act (1958) and are based on recovering the costs of providing the services. For prices charged refer to: [nationalarchives.gov.uk/legal/our-fees/](http://nationalarchives.gov.uk/legal/our-fees/)

b) The National Archives is required, in accordance with HM Treasury's Fees and Charges Guide and recommendations relating to Public Sector Information Holders, to disclose performance results for its areas of activity. The segmental analysis is not intended to meet the requirements of *International Financial reporting Standard 8: Operating segments*.



## 5.2 Revenue from contracts with customers

|                           | 2017-18      | 2016-17      |
|---------------------------|--------------|--------------|
|                           | £000         | £000         |
| Licensing royalties       | 2,463        | 2,557        |
| Licensing resales         | 389          | 749          |
| Reprographics             | 399          | 401          |
| Record copying            | 592          | 603          |
| Document downloads        | 379          | 381          |
| Grant                     | 510          | 583          |
| Legislation drafting tool | 101          | 472          |
| Other                     | 1,303        | 1,117        |
|                           | <b>6,136</b> | <b>6,863</b> |

**Licensing royalties:** Commercial partners use our accessioned content on their websites and pay us royalties when their subscribers use this content. The initial commercial partner is required to provide The National Archives with a digitised copy of the images. Once the first commercial license offering a primacy period for rights to the images has expired, The National Archives is able to resell the images. Revenue is recognised in line with usage and is billed on a quarterly basis.

**Licensing resales:** Once the initial commercial license offering a primacy period for rights to the images to the original commercial partner has expired (see Licensing royalties above), The National Archives can sell the digitised images to an additional partner for a lump sum and benefit from the further royalties. The lump sum is received in advance and recognised at the time of granting the license unless The National Archives require the images to be updated over the period which the commercial partner has access to the licensed material. In such cases the lump sum is recognised over the period of the license.

**Reprographics:** The National Archives provides a copying service for bulk orders from third parties. The records can belong to The National Archives or external parties. Revenue is recognised once the copies are provided to the third party and typically billed in advance.

**Record copying (Statutory provision):** The National Archives provides paper or digital copies of accessioned records. Copies are prepared on site and revenue is recognised as the copies are distributed to customers. Billing takes place prior to distribution of the copies.

**Document downloads (Statutory provision):** The National Archives holds several databases of large series, pre-digitised records available for anyone going on line to download individually directly from our website. These include Wills, state papers and military records. If downloaded on site these are free, but when used offsite there is usually a standard (statutory) charge (some series remain free off site e.g. Cabinet Papers because of external funding constraints).

**Grants:** The National Archives has several grants for works undertaken in the archive sector. A substantial proportion of grants relate to staff working within the archives sector to improve specific aspects of sector development. Grants can be invoiced prior

to the works taking place or after costs have been incurred, depending on the contractual arrangement. Grant income is recognised as costs (primarily staff time) are incurred.

Legislation drafting tool: we are developing a web-based tool to standardise the legislation drafting, amending and publishing process. The National Archives are the lead for the project, and therefore pay the supplier directly, resulting in a need to recharge the five other partners for their share of the cost. The project is being run as an Agile development, and recharges are made at the end of specific phases of delivery.

## 6. Property, plant and equipment

|  | Land<br>£000  | Buildings<br>£000 | Plant and<br>machinery<br>£000 | Furniture<br>and<br>fittings<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Assets under<br>construction<br>£000 | Total<br>£000  |
|--|---------------|-------------------|--------------------------------|--------------------------------------|--------------------------------|-----------------------------------|--------------------------------------|----------------|
| <b>Cost or valuation</b>               |               |                   |                                |                                      |                                |                                   |                                      |                |
| <b>At 1 April 2017</b>                 | 40,442        | 115,786           | 12,070                         | 7,752                                | 61                             | 7,835                             | 752                                  | 184,698        |
| Additions                              | -             | -                 | 286                            | 205                                  | -                              | 838                               | -                                    | 1,329          |
| Reclassification                       | -             | -                 | 740                            | -                                    | -                              | 12                                | (752)                                | -              |
| Disposals                              | -             | -                 | -                              | (9)                                  | -                              | (612)                             | -                                    | (621)          |
| Revaluation                            | 1,133         | 3,242             | -                              | -                                    | -                              | -                                 | -                                    | 4,375          |
| <b>At 31 March 2018</b>                | <b>41,575</b> | <b>119,028</b>    | <b>13,096</b>                  | <b>7,948</b>                         | <b>61</b>                      | <b>8,073</b>                      | <b>-</b>                             | <b>189,781</b> |
| <b>Depreciation</b>                    |               |                   |                                |                                      |                                |                                   |                                      |                |
| <b>At 1 April 2017</b>                 | -             | 3,279             | 5,637                          | 3,449                                | 61                             | 5,691                             | -                                    | 18,117         |
| Charged in year                        | -             | 4,089             | 1,109                          | 219                                  | -                              | 1,013                             | -                                    | 6,430          |
| Reclassification                       | -             | -                 | -                              | -                                    | -                              | -                                 | -                                    | -              |
| Disposals                              | -             | -                 | -                              | (9)                                  | -                              | (536)                             | -                                    | (545)          |
| Revaluation                            | -             | 102               | -                              | -                                    | -                              | -                                 | -                                    | 102            |
| <b>At 31 March 2018</b>                | <b>-</b>      | <b>7,470</b>      | <b>6,746</b>                   | <b>3,659</b>                         | <b>61</b>                      | <b>6,168</b>                      | <b>-</b>                             | <b>24,104</b>  |
| <b>Net Book Value at 31 March 2018</b> | <b>41,575</b> | <b>111,558</b>    | <b>6,350</b>                   | <b>4,289</b>                         | <b>-</b>                       | <b>1,905</b>                      | <b>-</b>                             | <b>165,677</b> |
| <b>Net Book Value at 31 March 2017</b> | <b>40,442</b> | <b>112,507</b>    | <b>6,433</b>                   | <b>4,303</b>                         | <b>-</b>                       | <b>2,144</b>                      | <b>752</b>                           | <b>166,581</b> |
| <b>Cost or valuation</b>               |               |                   |                                |                                      |                                |                                   |                                      |                |
| <b>At 1 April 2016</b>                 | 36,500        | 104,500           | 10,891                         | 7,772                                | 61                             | 7,090                             | 445                                  | 167,259        |
| Additions                              | -             | -                 | 909                            | -                                    | -                              | 807                               | 752                                  | 2,468          |
| Reclassification                       | -             | -                 | 445                            | -                                    | -                              | -                                 | (445)                                | -              |
| Disposals                              | -             | -                 | (175)                          | (20)                                 | -                              | (62)                              | -                                    | (257)          |
| Revaluation                            | 3,942         | 11,286            | -                              | -                                    | -                              | -                                 | -                                    | 15,228         |
| <b>At 31 March 2017</b>                | <b>40,442</b> | <b>115,786</b>    | <b>12,070</b>                  | <b>7,752</b>                         | <b>61</b>                      | <b>7,835</b>                      | <b>752</b>                           | <b>184,698</b> |
| <b>Depreciation</b>                    |               |                   |                                |                                      |                                |                                   |                                      |                |
| <b>At 1 April 2016</b>                 | -             | -                 | 4,796                          | 3,279                                | 60                             | 4,712                             | -                                    | 12,847         |
| Charged in year                        | -             | 3,279             | 1,016                          | 188                                  | 1                              | 1,031                             | -                                    | 5,515          |
| Reclassification                       | -             | -                 | -                              | -                                    | -                              | -                                 | -                                    | -              |
| Disposals                              | -             | -                 | (175)                          | (18)                                 | -                              | (52)                              | -                                    | (245)          |
| Revaluation                            | -             | -                 | -                              | -                                    | -                              | -                                 | -                                    | -              |
| <b>At 31 March 2017</b>                | <b>-</b>      | <b>3,279</b>      | <b>5,637</b>                   | <b>3,449</b>                         | <b>61</b>                      | <b>5,691</b>                      | <b>-</b>                             | <b>18,117</b>  |
| <b>Net Book Value at 31 March 2017</b> | <b>40,442</b> | <b>112,507</b>    | <b>6,433</b>                   | <b>4,303</b>                         | <b>-</b>                       | <b>2,144</b>                      | <b>752</b>                           | <b>166,581</b> |
| <b>Net Book Value at 31 March 2016</b> | <b>36,500</b> | <b>104,500</b>    | <b>6,095</b>                   | <b>4,493</b>                         | <b>1</b>                       | <b>2,378</b>                      | <b>445</b>                           | <b>154,412</b> |

**Notes**

- a) Freehold land and buildings were valued on 31 March 2016 at £141 million on the basis of depreciated replacement cost by an external firm of Chartered Surveyors, BNP Paribas Real Estate UK. Their valuation was carried out in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. In years where there is no professional valuation exercise, revaluation is derived from the relevant indices as appropriate.
- b) Revaluation in year is accounted for within other comprehensive net expenditure (page 65) and accumulated in taxpayers' equity under the revaluation reserve. Any decrease in valuation of an asset in year has not exceeded any amount previously credited to the revaluation surplus.

## 7. Intangible assets

|  | Software<br>licences | Revenue<br>generating<br>databases | Licences<br>issued | Total         |
|--|----------------------|------------------------------------|--------------------|---------------|
|  | £000                 | £000                               | £000               | £000          |
| <b>Cost or valuation</b>               |                      |                                    |                    |               |
| <b>At 1 April 2017</b>                 | 511                  | 1,509                              | 19,635             | 21,655        |
| Additions                              | -                    | -                                  | -                  | -             |
| Reclassifications                      | -                    | -                                  | -                  | -             |
| Impairment                             | (80)                 | -                                  | -                  | (80)          |
| Revaluation                            | -                    | 31                                 | (510)              | (479)         |
| <b>At 31 March 2018</b>                | <b>431</b>           | <b>1,540</b>                       | <b>19,125</b>      | <b>21,096</b> |
| <b>Amortisation</b>                    |                      |                                    |                    |               |
| <b>At 1 April 2017</b>                 | 217                  | -                                  | -                  | 217           |
| Charged in year                        | 86                   | -                                  | -                  | 86            |
| Impairment                             | (48)                 | -                                  | -                  | (48)          |
| <b>At 31 March 2018</b>                | <b>255</b>           | <b>-</b>                           | <b>-</b>           | <b>255</b>    |
| <b>Net Book Value at 31 March 2018</b> | <b>176</b>           | <b>1,540</b>                       | <b>19,125</b>      | <b>20,841</b> |
| <b>Net Book Value at 31 March 2017</b> | <b>294</b>           | <b>1,509</b>                       | <b>19,635</b>      | <b>21,438</b> |
| <b>Cost or valuation</b>               |                      |                                    |                    |               |
| <b>At 1 April 2016</b>                 | 278                  | 1,401                              | 17,274             | 18,953        |
| Additions                              | 233                  | -                                  | -                  | 233           |
| Reclassifications                      | -                    | -                                  | -                  | -             |
| Revaluation                            | -                    | 108                                | 2,361              | 2,469         |
| <b>At 31 March 2017</b>                | <b>511</b>           | <b>1,509</b>                       | <b>19,635</b>      | <b>21,655</b> |
| <b>Amortisation</b>                    |                      |                                    |                    |               |
| <b>At 1 April 2016</b>                 | 115                  | -                                  | -                  | 115           |
| Charged in year                        | 102                  | -                                  | -                  | 102           |
| <b>At 31 March 2017</b>                | <b>217</b>           | <b>-</b>                           | <b>-</b>           | <b>217</b>    |
| <b>Net Book Value at 31 March 2017</b> | <b>294</b>           | <b>1,509</b>                       | <b>19,635</b>      | <b>21,438</b> |
| <b>Net Book Value at 31 March 2016</b> | <b>163</b>           | <b>1,401</b>                       | <b>17,274</b>      | <b>18,838</b> |

- a) Revaluation in year is accounted for within other comprehensive net expenditure and accumulated in taxpayers' equity under the revaluation reserve. Any decrease in valuation of an asset in year has not exceeded any amount previously credited to the revaluation surplus.

## 8. Further information on heritage assets

### 8a. Preservation and management

Acquisition of heritage assets is through government bodies selecting digital and physical records for permanent preservation and transferring these records to The National Archives. In January 2013, central government began a ten-year transition, during which the age at which records would usually be transferred to The National Archives and released to the public is being reduced from 30 years to 20 years (however, many are transferred early).

The National Archives is the guardian of the nation's public record. Its core role includes preserving and protecting, making available, and bringing to life the vast collection of historical information it holds. Most of the records are unique and irreplaceable and have been preserved for their historical, social, legal and administrative value. This includes significant collections of digital records.

We adopt a risk based approach in preserving our digital and physical records. This consists of conducting a preservation risk assessment for whole collections which are subsequently reviewed periodically – and for digital records, on a continual and regular basis. The National Archives adopts a combined approach of preventative measures and conservation treatments for records in their digital and physical forms.

Expenditure that is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the Statement of Comprehensive Net Expenditure when it is incurred. In 2017-18 £1,803k was recognised (2016-17: £1,729k).

#### **Our approach to preservation risk**

##### Physical records

The physical records held by The National Archives span over 1,000 years and fill around 200 linear kilometres of shelving on site at Kew and at the Deepstore facility in Cheshire. They comprise a variety of formats: parchment, traditional paper records, seals, maps, costumes, paintings, films, items of court evidence, and more.

The conservation, preservation and care of this unique and irreplaceable collection is a challenging responsibility, given the age and original condition of some of the physical materials. In order to fulfil our responsibilities to provide access, we are constantly improving our catalogue data, and monitoring the environmental conditions in our repositories. We have a dedicated team responsible for the long-term preservation of The National Archives physical collection for continued access and future use, and we improve the stability of our most vulnerable records through conservation work.

We seek appropriate and secure accommodation for all our holdings, wherever they are stored, processed, transferred, transported or used. This includes providing suitable environmental conditions and appropriate housing. It also includes monitoring via an integrated pest management programme and an environmental monitoring system. We recognise that of all potential risks to the long-term preservation of our records, inappropriate storage is the most significant.

In the year to March 2018, we received records covering 1,663 metres of shelving (1,492 metres in 2016-17).

The Secretary of State has delegated their power at section 2(4)(g) of the Public Records Act 1958 to the Chief Executive of The National Archives (in his capacity as Keeper of Public Records). The Chief Executive therefore has delegated authority to lend documents for display at commemorative exhibitions. All loans are conducted in accordance with The National Archives exhibitions policy and are subject to criteria agreed with DCMS officials in line with policy on loaning major cultural assets held by other institutions.

### Digital records

The National Archives takes a leading role in dealing with the issues associated with the survival and preservation of today's digital public records.

Our digital preservation techniques and policies follow current best practice as recognised nationally and globally. It involves first establishing the file formats of the accessioned records and then preserving the original digital objects using passive 'bit level' preservation; this ensures the secure storage and fundamental integrity of the record.

A regular assessment of the risk of digital records becoming unfit for presentation is made and should a format be identified as posing a risk, action to migrate records in that format (or to otherwise mitigate that risk) is taken. The National Archives will always maintain the original manifestation of the record as accessioned.

During the year we took 1,410 snapshots of websites and social media accounts for the UK government web archive (1,467 in 2016-17).

### **8b: Access**

Details of the records we hold can be obtained through our online catalogue, Discovery. All open records are available for viewing by members of the public and can be viewed free of charge on site at Kew or copies can be requested to be sent out for a fee. Digital copies of some of our open documents are also available for download from our online services – some may be downloaded free and some for a small fee. A brief registration process is required to consult original documents; however, this is not required to view surrogates or online copies of documents.

Access to the records is provided in a number of ways, both on site and online. Original documents on site are accessed by readers or staff under controlled conditions in accordance with nationally recognised and agreed standards. Our target is to retrieve documents held on site within 60 minutes of the request being made and we consistently perform favourably against this. For documents kept at our off site storage facility in Cheshire, documents requested are made available for on site viewing within three working days if ordered by 11:00.

Readers use the document reading room and the map and large document reading room to consult original documents. In some cases valuable or fragile material may only be consulted under supervision either within the conservation studio or in the invigilation

room. In instances where digital records are unsuitable for online presentation, they may only be viewed within the Digital Preservation department.

There are ongoing projects to catalogue more of our heritage assets, many using volunteers, to further improve access to records and we have a dedicated catalogue team responsible for this.



## 9. Operating lease arrangements

### 9.1 Operating Lease Commitments - The National Archives as Lessor

The *Gazette* is managed by The National Archives under a concessionary contract whereby in return for letting the concession The National Archives receives a financial contribution.

|   | 2017-18 | 2016-17 |
|---|---------|---------|
|   | £000    | £000    |
| <b>Concessionary contract</b>                     |         |         |
| Not later than one year                           | 2,500   | 1,875   |
| Later than one year and not later than five years | 1,875   | -       |
| Beyond 5 years                                    | -       | -       |

### 9.2 Capital commitments

Contracted capital commitments at 31 March 2018 not otherwise included in these financial statements are as follows:

|                               | 2017-18 | 2016-17 |
|-------------------------------|---------|---------|
|                               | £000    | £000    |
| Property, plant and equipment | 158     | 536     |

### 9.3 Other financial commitments

The National Archives entered into non-cancellable contracts (which are not lease or PFI contracts) for a Facilities Management service, a building works contract and Network Services. The payments to which The National Archives is committed, analysed by the period during which the commitment expires are as follows:

|   | 2017-18      | 2016-17      |
|---|--------------|--------------|
|   | £000         | £000         |
| Not later than one year                           | 1,823        | 1,614        |
| Later than one year and not later than five years | 4,980        | 5,766        |
| Beyond 5 years                                    | -            | -            |
|   | <b>6,803</b> | <b>7,380</b> |

## 10. Financial instruments

As the cash requirements of The National Archives are met through the Estimates process, financial instruments play a more limited role in managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with The National Archives' expected purchase and usage requirements and The National Archives is therefore exposed to little credit or liquidity risk.

### Market risk

The intangible asset valuations of revenue generating databases and licences issued are based on forecasts of future revenue generating capacity, discounted as appropriate. The forecast cashflows estimated are subject to market conditions as they are dependent on customer use of the products offered – both existing and new. Below is a sensitivity analysis of the effects of changes in the forecast assumptions on the amounts disclosed in the accounts.

| Market risk – assumptions tested   | Increase / (decrease)<br>in 2017-18 valuation |
|--|---|
|  | £000  |
| 2017-18 income 10% less than forecast for revenue generating databases   | (147)   |
| 2017-18 income 10% higher than forecast for revenue generating databases | 147   |
| 2017-18 income 10% less than forecast for licences                       | (2,108)                                       |
| 2017-18 income 10% higher than forecast for licences                     | 2,108   |

### Interest rate risk

The National Archives is not exposed to any interest rate risk.

### Foreign currency risk

The National Archives is exposed to currency risk on overseas royalty income received from some of its licences issued. The identifiable risk is both to the valuation of the associateships on the Statement of Financial Position and to the income recorded in the Statement of Comprehensive Net Expenditure.

There is a risk to the amount of income recognised due to currency fluctuations during the year, however this risk is minimal. If the pound was to fall against the dollar significantly, the reduction in the intangibles valuation would be taken against the revaluation reserve.

These risks are managed by using a historical trend analysis on exchange rates to estimate appropriate amounts to use in valuations undertaken.

## 11. Cash and cash equivalents

|   | 2017-18   | 2016-17  |
|---|-----------|----------|
|   | £000      | £000     |
| Balance at 1 April                              | 5         | 11       |
| Net change in cash and cash equivalent balances | 8         | (6)      |
| <b>Balance at 31 March</b>                      | <b>13</b> | <b>5</b> |

The following balances at 31 March are held at:

|                            |           |          |
|----------------------------|-----------|----------|
| Government Banking Service | 11        | 3        |
| Cash in hand               | 2         | 2        |
| <b>Balance at 31 March</b> | <b>13</b> | <b>5</b> |

## 12. Trade receivables, financial and other assets

|   | 2017-18      | 2016-17      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Amounts falling due within one year:</b> |              |              |
| Value Added Tax                             | 33           | -            |
| Trade receivables                           | 311          | 323          |
| Deposits and advances                       | 50           | 81           |
| Prepayments and accrued income              | 3,000        | 2,372        |
|   | <b>3,394</b> | <b>2,776</b> |
| <b>Amounts falling due after one year:</b>  |              |              |
| Prepayments and accrued income              | 237          | 198          |
|   | <b>237</b>   | <b>198</b>   |
| <b>Total receivables</b>                    | <b>3,631</b> | <b>2,974</b> |

## 13. Trade payables and other current liabilities

|  | 2017-18      | 2016-17      |
|--|--------------|--------------|
|  | £000         | £000         |
| <b>Amounts falling due within one year</b>                                     |              |              |
| Other Taxation, Social Security and Pension                                    | 958          | 1,113        |
| Trade payables   | 468          | 357          |
| Accruals and deferred income   | 3,089        | 3,763        |
| Short-term staff benefits (Earned leave liability)                             | 737          | 773          |
| Amounts issued from the Consolidated Fund for supply but not spent at year end | 13           | 5            |
|  | <b>5,265</b> | <b>6,011</b> |
| <b>Amounts falling due after one year:</b>                                     |              |              |
| Deferred income  | 800          | 604          |
|  | <b>800</b>   | <b>604</b>   |
| <b>Total Payables</b>  | <b>6,065</b> | <b>6,615</b> |

## 14. Contract balances

### 14.1 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

|  | 31 March 2018 | 1 April 2017 |
|--|---------------|--------------|
|  | £000          | £000         |
| Receivables, which are included in trade receivables | 216           | -            |
| Contract assets                                      | 5             | -            |
| Contract liabilities                                 | 271           | 56           |

The amount of revenue recognised from performance obligations satisfied in previous periods, due to the completion of performance obligations met in reprographics, is £218k.

The contract liabilities primarily relate to the advance consideration received from our contract to provide software development for which revenue is recognised on completion of the software.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

|   | Contract Assets | Contract Liabilities |
|---|-----------------|----------------------|
|   | £000            | £000                 |
| <b>Contract Assets/Liabilities at the beginning of the period</b> | -               | 56                   |
| Increase/Decreases due to cash received/paid                      | -               | -                    |
| Transfers from contract liabilities to receivables                | -               | (56)                 |
| Change in measure of progress                                     | 5               | 271                  |
| <b>Contract Assets/Liabilities at the end of the period</b>       | 5               | 271                  |

### 14.2 Transaction price to remaining performance obligations

As at 31 March 2018, the amount allocated to software development is £901k. This will be recognised once the software package has been delivered to the customer. This will take place in the next financial year.

The National Archives applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

### 14.3 Contract assets

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date:

|   | 31 March 2018 | 1 April 2017 |
|---|---------------|--------------|
|   | £000          | £000         |
| Assets recognised from costs to obtain a contract | -             | -            |
| Assets recognised from costs to fulfil            | 635           | -            |

Management expects the costs of staff time and third party development work incurred in developing software are recoverable. The National Archives has therefore capitalised £630k as contract costs at 31 March 2018. There was no similar contract in the comparative period. The software development transaction price to remaining performance obligations of £901k and contract asset of £630k form the balance of the contract liability £271k.

Capitalised software development costs are amortised when the related revenues are recognised. As there was no similar contract in the comparative period, there is no amortisation or impairment loss.

Applying the practical expedient in paragraph 94 of IFRS 15, The National Archives recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that The National Archives otherwise would have recognised is one year or less.

### 15. Provisions for liabilities and charges

|                                     | 2017-18                |               |            |
|-------------------------------------|------------------------|---------------|------------|
|                                     | Early retirement costs | Onerous lease | Total      |
|                                     | £000                   | £000          | £000       |
| Balance at 1 April                  | -                      | 337           | 337        |
| Provision not required written back | -                      | (120)         | (120)      |
| Provided in year                    | -                      | -             | -          |
| Provisions utilised in year         | -                      | (6)           | (6)        |
| <b>Balance as at 31 March</b>       | <b>-</b>               | <b>211</b>    | <b>211</b> |

|                                     | 2016-17                |               |            |
|-------------------------------------|------------------------|---------------|------------|
|                                     | Early retirement costs | Onerous lease | Total      |
|                                     | £000                   | £000          | £000       |
| Balance at 1 April                  | 12                     | 475           | 487        |
| Provision not required written back | -                      | (115)         | (115)      |
| Provided in year                    | -                      | -             | -          |
| Provisions utilised in year         | (12)                   | (23)          | (35)       |
| <b>Balance as at 31 March</b>       | <b>-</b>               | <b>337</b>    | <b>337</b> |

| Analysis of expected timing of discounted cash flows | 2017-18                |               |            |
|--|------------------------|---------------|------------|
|  | Early retirement costs | Onerous lease | Total      |
|  | £000                   | £000          | £000       |
| Not later than one year                              | -                      | 13            | 13         |
| Later than one year                                  | -                      | 198           | 198        |
| <b>Balance as at 31 March</b>                        | <b>-</b>               | <b>211</b>    | <b>211</b> |

| Analysis of expected timing of discounted cash flows | 2016-17                |               |            |
|--|------------------------|---------------|------------|
|  | Early retirement costs | Onerous lease | Total      |
|  | £000                   | £000          | £000       |
| Not later than one year                              | -                      | 12            | 12         |
| Later than one year                                  | -                      | 325           | 325        |
| <b>Balance as at 31 March</b>                        | <b>-</b>               | <b>337</b>    | <b>337</b> |

### Early retirement costs

The provision in the table above relates to early retirement cost. The National Archives meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The National Archives provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

### Onerous lease

The onerous lease relates to a vacation of office space within a government building in Norwich. The lease runs until December 2023. The provision is calculated by taking costs that will be incurred under the contract discounted by HM Treasury real discount rate of -1.85%.

## 16. Contingent liabilities

There were no material contingent liabilities at the reporting date (2016-17: nil).

## 17. Related party transactions

The National Archives is a non-ministerial government department. Its parent department is the Department for Digital, Culture, Media and Sport. The Chief Executive and Keeper reports to the Secretary of State. The National Archives has had a number of transactions with other government departments and other central government bodies, primarily UK Parliament, Office for Parliamentary Counsel, Scottish Parliament, Parliamentary Counsel Office Scotland and the Ministry of Justice.

Jeff James was appointed the Interim President of the Forum of National Archivists, a sub-forum of the International Council on Archives (ICA) during 2017-18. Subscription to the ICA was paid to the sum of £18,146 during 2017-18. Prior to the appointment The National Archives reimbursed ICA £77,526 for a seconded member of staff.

Valerie Johnson is a Trustee and Member of the Executive Committee of the Business Archives Council. Valerie Johnson pays her own individual subscription for Business Archives Council membership. During 2017-18, The National Archives paid an annual £55 institutional membership subscription fee (2016-17: £55), and conference fees of £213 (2016-17: £280).

John Sheridan is a Director of the Digital Preservation Coalition (DPC) and the DLM Forum, for and on behalf of The National Archives. The National Archives paid a membership fee of £9,360 (2016-17: £9,000) and £754 (2016-17: £895) respectively.

A further sponsorship award was made to the DPC to the sum of £5,000 during 2016-17; no payment was made during 2017-18. Expenses were reimbursed by The National Archives for the £136 travel expenses of an independent speaker to the *Archives Unlocked* Board meeting. £500 (2016-17: £nil) was received from DPC for a contribution to an award.

A DLM Forum payment for attendance at a conference was made for the sum of £3,028 (2016-17: nil).

Claire Feehily is a Trustee of the Heritage Lottery Fund from 1 March 2018. Prior to the appointment three grants were received in year to the sum of £391,188 (2016-17: two grants received to the sum of £401,017).

There are no outstanding balances owed to or owed from any of the above related party organisations.

## 18. Third party assets

The National Archives held short-term monetary assets valued at £49,751 on behalf of other government departments at the end of the reporting period (£18,997 at 31 March 2017).

|              | 31 March 2017 | Gross inflows | Gross outflows | 31 March 2018 |
|--------------|---------------|---------------|----------------|---------------|
|              | £000          | £000          | £000           | £000          |
| Bank balance | 19            | 60            | 29             | 50            |
|              | <b>19</b>     | <b>60</b>     | <b>29</b>      | <b>50</b>     |

## 19. Events after the reporting period date

There have been no significant events after 31 March 2018 that require adjustment to, or disclosure in, the financial statements.

These accounts have been authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.

# Annex A

## Sustainability accounting and reporting

2017-2018 is the second year of the Greening Government Commitments 2016 to 2020.<sup>23</sup> This report presents an overview of The National Archives' activities during the 2017-18 financial year, our progress against the revised Greening Government Commitments targets, and our plans for the next financial year 2018-19.

This report was prepared in accordance with HM Treasury's 'Public sector annual reports: sustainability reporting guidance 2017-18'. Further information is available on our website.<sup>24</sup>

## Our approach

### Governance and reporting

Our key sustainability targets are summarised within business plans and performance is regularly reviewed throughout the year. Our Executive Team reviews our sustainability performance monthly. Our Board and Audit and Risk Committee review our sustainability performance at six-monthly intervals, ensuring that progress is scrutinised and challenged where appropriate.

We are committed to meeting, and exceeding where practical, the Greening Government Commitments. We are an active participant in the cross-Whitehall Sustainability Group, sharing best practice and benefiting from lessons learnt from other private and public sector organisations.

### Data accuracy

We review and seek to improve our data gathering and reporting processes each year. Although we attempt to minimise estimation, this is used where it is not practical to obtain exact figures. This is particularly the case with waste data, where weighing individual bins is not always practical. In such cases, we seek guidance from the relevant contractor to help us apply accurate estimates, and explain clearly in our reporting the basis of the estimation and the possible impact on figures. Data may be re-stated in later years if post year-end reconciliation shows previous figures were inaccurate; for example, if a utility bill arrives after the end of the reporting period. Changes to estimation processes will also be explained. Commentary to explain any changes that have a significant affect on the main indicators have been provided.

In 2017-18, we further developed our internal environmental management system with a series of data accounting dashboards developed, supported by operating processes. The system is utilised to help track environmental performance and data accuracy.

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<sup>23</sup> [www.gov.uk/government/publications/greening-government-commitments-2016-to-2020](http://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020)

<sup>24</sup> [nationalarchives.gov.uk/about/our-role/transparency/](http://nationalarchives.gov.uk/about/our-role/transparency/)



A full and thorough review of this system has identified improvements, including:

- Development of a biodiversity dashboard following a number of surveys performed in 2017-18 to develop a baseline of biodiversity on site. From 2018-19, changes to site biodiversity at 13 different survey locations across the site will be reported on
- A review of the travel dashboard highlighted a different conversion factor being used for reporting, impacting the emissions data reported in previous years. The dashboard has been updated with the correct annual factors to ensure improved data accuracy
- Rental vehicle data has also been improved to account for vehicle specific emissions factors and full datasets, allowing for increased accuracy in the emissions to be made
- Additional processes were added to the environmental system in line with the ISO14001 Standard to develop a more robust approach to the data reporting within the organisation.

### Our sustainability strategy and targets

As a non-ministerial government department, we work to achieve the Greening Government Commitments – a set of targets and outcomes that together help ensure that central government meets its vision for sustainability.

In some cases, these targets have already been achieved, and we have set more challenging internal targets to continue striving to reduce our environmental impacts.

In 2018-19, we will review our operations in line with the 17 Sustainable Development Goals (SDGs), to highlight how we contribute to these Goals and to help inform future strategy.

### Meeting the Greening Government Commitments

Progress has been strong in the second year of reporting against the revised Greening Government Commitments (GGC) targets, building on the progress made last year.

| Indicator                       | GGC target (2019-20)            | The National Archives' target (2019-20) | The National Archives' target baseline year | Change against the baseline 2017-18 (+/-%) | Change compared with 2016-17 (+/-%) |
|---------------------------------|---------------------------------|---|---|--|-------------------------------------|
| <b>Greenhouse gas emissions</b> | -32%                            | -57%*                                   | 2009-10                                     | -65%                                       | -16%***                             |
| <b>Operational waste</b>        | Less than 10% waste to landfill | Zero waste to landfill                  | 2010-11                                     | 0%   | 0%                                  |
|                                 | Reduce waste generation         | -30%**                                  | 2010-11                                     | -34%                                       | +8%                                 |

|                                      |                          |                         |         |      |      |
|--------------------------------------|--------------------------|-------------------------|---------|------|------|
| <b>Operational waste - continued</b> | Increase recycling rate  | Increase recycling rate | 2010-11 | -14% | +11% |
| <b>Paper</b>                         | -50%                     | - 50%                   | 2010-11 | -23% | +54% |
| <b>Water</b>                         | Reduce water consumption | -25%                    | 2009-10 | -24% | -3%  |
| <b>Domestic flights taken</b>        | -30%                     | -30%                    | 2009-10 | -60% | -51% |

\*This is the target for the Department for Digital, Culture, Media and Sport.

\*\* The National Archives has set its own target for waste reduction beyond the previous 25% Greening Government Commitment (GGC) target against the 2009-10 baseline, to aspire towards 30% reduction in waste generated

\*\*\* Travel conversion factors have been updated for 2016-17

## 2017-18 performance

Performance in 2017-18 has continued the previous trend for carbon, energy and waste. For any indicators that have increased, we continue to strive for improvement.

| Indicator  | 2017-18 | 2017-18 per FTE employee | 2016-17  | 2016-17 per FTE employee |
|--|---------|--------------------------|----------|--------------------------|
| Greenhouse gas emissions – scopes 1-3 tCO <sub>2</sub> e | 2,760   | 5.1                      | 3,282**  | 5.8**                    |
| Energy used: MWh   | 8,702   | 16.1                     | 8,920*** | 15.7***                  |
| Waste produced* (tonnes)                                 | 116     | 0.2                      | 107      | 0.2                      |
| Water used m <sup>3</sup>                                | 18,915  | 35.1                     | 19,573   | 34.5                     |
| Domestic flights taken                                   | 36      | 0.1                      | 73^      | 0.1                      |

\* Excludes one-off construction and refurbishment projects waste, to enable meaningful comparison

\*\* Restated as energy records were inaccurate and transport conversion factors were updated

\*\*\* Restated as energy records for September 2016 were incorrect

^ Restated following an internal review of travel information

## Greenhouse gas emissions

Our greenhouse gas emissions associated with building energy use and domestic business travel in the 2017-18 financial year were 2,759 tonnes. This represents a 65% reduction in greenhouse gas emissions against the 2009-10 financial year figures.

| Indicator  |   | 2017-18     | 2016-17        |
|--|---|-------------|----------------|
| Greenhouse gas emissions: tonnes CO <sub>2</sub> e | Gross emissions for scope 1 and 2                 | 2,529       | 3,002*         |
|  | Gross emissions for scope 3                       | 230         | 280**          |
| Building energy consumption: MWh                   | Electricity: non-renewable                        | 5,537       | 5,630*         |
|  | Electricity: renewable                            | 0           | 0              |
|  | Electricity: good quality combined heat and power | 87          | 232            |
|  | Natural gas                                       | 3,165       | 3,052*         |
|  | Diesel Oil  | 0           | 6              |
| Financial indicators: £                            | Energy  | £753,022.54 | £754,044.67*   |
|  | Carbon Reduction Commitment allowances            | £43,922     | £48,689        |
|  | Business travel                                   | £129,623.60 | £144,442.85*** |

\* Restated as energy records for September 2016 were incorrect

\*\* Restated as transport conversion factors were improved

\*\*\* Restated as hire car data became available, replacing estimated data

During April to September 2017 the combined heat and power plant was not operating due to a communication fault, which has led to an increase in the electricity demand for the site during these months. This has been rectified, and the plant is now fully operational. Several energy projects have been implemented this year. Daily consumption of gas and electricity across the site is monitored to identify regular trends and identify inconsistencies to ensure systems are running as planned. LED lighting continued to be rolled out across the site in collaboration with our total facilities management provider. In addition, the roll-out of Windows 10 software has provided further opportunities for staff to work flexibly and encouraged changes in working practices.

In 2018-19, further energy efficiency projects are planned. Technology to monitor the out of hours use of computers and devices will be installed to help to reduce this; upgrading these devices will help to reduce the number of computers and related server hardware required in public areas. Both initiatives will reduce energy consumption and the quantity of electronic waste generated.

We avoid unnecessary business travel, and have a general approach of promoting travel by public transport rather than car, and train rather than plane, wherever practical. However, our public task, our leadership role for the archives sector and our reach, both national and international, necessitates a certain amount of business travel. The roll-out of new software and technology has resulted in a dramatic reduction in domestic flights, with an increased use of conference call facilities for meetings.

In 2017-18 we performed an internal audit of the domestic travel emissions, calculations and methodology to improve the accuracy of the data. This process highlighted a historical gap with the emissions factors being used, which have now been corrected. As a result, the emissions for previous years have been restated as part of the Scope 3 emissions.

A behaviour change programme aiming to promote the ethos of the environmental management system to all staff, will continue to progress in 2018-19. Infographics

(visual illustrations) will be used to highlight positive environmental outcomes that resulted from successfully achieving sustainable behaviours, and to encourage staff to use them for future. It will also aim to provide positive feedback to staff and demonstrate that their efforts to improve sustainability performance are valued.

In 2018-19, a network of sustainability champions is planned. The objectives of this network are to reinforce and embed environmental initiatives, improve internal knowledge sharing, and promote employee engagement for environmental and efficiency projects. To support this network, a communications programme will be developed to promote staff engagement.

### Waste minimisation and management

At 116 tonnes, our operational waste has reduced by 34% against the financial year 2010-11 baseline, exceeding our original 25% reduction target.

| Indicator   |  | 2017-18  | 2016-17 |
|---|--|----------|---------|
| Operational waste: tonnes                             | Total                                  | 116      | 107*    |
|   | Recycled and reused                    | 64       | 43      |
|   | Energy from waste incineration         | 46       | 55      |
|   | Food and catering: anaerobic digestion | 6        | 6       |
|   | Composted                              | 0        | 2       |
|   | Landfill                               | 0        | 0       |
| Construction and refurbishment projects waste: tonnes | Total                                  | 12       | 50      |
|   | Recycled and reused                    | 6        | 49      |
|   | Landfill                               | 6        | 1       |
| Operational waste expenditure: £**                    | Total                                  | 24,520   | 31,927  |
|   | Recycled and reused                    | 4,553*** | 12,403  |
|   | Energy from waste incineration         | 9,324    | 9,764   |
|   | Food and catering: anaerobic digestion | 1,830    | 1,800   |
|   | Landfill                               | 0        | 0       |

\* Restated following an internal review which identified additional IT waste disposal

\*\* Spend data obtained from our Facilities Management contract provider. Total includes the cost of storage and containment

\*\* Includes a rebate of £1,513 from reused IT equipment

Although we have again achieved zero waste to landfill, our overall recycling rate has increased in 2017-18 by 11%. During the year a detailed review was performed, looking at how materials could be better managed to avoid waste being generated in the first instance and to promote the re-use of materials (called circular economy). This approach has linkages with the procurement and operational activities within our organisation.

A review of plastic cup waste, identified in the January 2017 waste review as a major contributor to recycling contamination, has been performed to identify options for separation or replacement.

In 2018-19, we will explore some of the circular economy areas in more detail through the procurement and disposal of furniture and single use plastic items.

The catering service partner changed in July 2017, which has not impacted upon the waste oil and overall waste figures being recorded. In 2018-19, improved waste reporting including plate waste will be captured to help improve further the communication on waste minimisation.

In 2018-19, we are preparing initiatives to promote behaviour change to reduce waste generation. We will produce sustainability newsletters for our staff, supporting them to adapt their activities where practicable, and organise events to develop awareness of particular topics and encourage consideration of the impacts of individual choices.

### Use of finite resources

| Indicator               | 2017-18 | 2016-17  |
|-------------------------|---------|----------|
| Water consumption: m3   | 18915   | 19573(a) |
| Water supply costs: £   | 36,915  | 38,670   |
| Paper use: reams A4 eq. | 3,471.1 | 2,252.5  |

(a) February and March 2017 consumption estimated by the supplier based on January meter readings.

Water consumption has reduced by 3% against the previous year and 24% against the 2009-10 baseline. Consumption in the first three months of the year was unusually high as a result of flushing the low temperature hot water circuits in both buildings on site, flushing the chilled water units in the Q2 building, and leaks in the water supply. In 2018-19, a detailed water review will be performed to understand the water consumed on site and to estimate the losses resulting from leaks and evaporation.

Paper consumption in 2017-18 has increased by 54% due to a change in the way we allocate paper use. This has been caused by an increase in the use of A3 paper, which has been attributed to changes within the Government Remote Services contracts. In 2018-19, a review of the paper used will be performed to better understand the volumes being generated and the underlying paper consumption from business as usual activities to provide a more realistic reporting baseline.

### Sustainable procurement

We continue to align our procurement to the Crown Commercial Service frameworks, and seek to consider opportunities of the creation of social and environmental value through our procurement, rather than focusing solely on economic factors. In 2017-18, we have embedded sustainability in the retendering of major contracts, including catering.

This year, we reviewed our sustainable procurement processes and approach with a view to identifying the major environmental risks and opportunities and managing these through the procurement process.

The Sustainable Procurement Policy and cross-departmental processes will be rolled out across our organisation in 2018-19. Once in place, training will be provided to reinforce the understanding of these processes, aligned with the environmental initiatives including the circular economy and behaviour change programmes.

## **Biodiversity**

From 2016, progress has been made, with the biodiversity programme based upon the updated Biodiversity Action Plan. A number of initiatives, including a wildflower meadow, and a new planting scheme to support native pollinator species year-round were implemented last year.

In order to assess the success of these measures, as well as provide insight into long-term local environmental trends, quarterly biodiversity surveys have commenced from the beginning of 2017-18. These surveys collect simple presence/absence information on species observed on site at the time of survey. The species can be categorised based on their conservation status. This, combined with the results of surveys in the future, can allow for comparison of data.

Several species of waterfowl and other birds have been observed nesting at the site, and sightings of endangered species such as stag beetles and bats have been reported, although there is no evidence that they nest on site. Existing planting is in some cases not suitable for providing year-round shelter.

In 2017-18, four biodiversity surveys have been completed. The data has been captured in a dashboard and a template survey sheet. 2017-18 is the 'baseline year' for biodiversity onsite. 2018-19 will be the first year where we can report on biodiversity changes at 13 different 'survey locations' across the site.

## **Climate change adaptation**

The greatest risks climate change poses for our operations are from flooding and temperature extremes. We mitigate this risk by maintaining an up-to-date Flood Response Plan, and upgrading our buildings and systems to enhance our resilience against temperature extremes and any future volatility in energy markets.

## **Sustainable Construction**

During 2017-18 a new event space and learning room was constructed. Our Estates team were involved in the technical design of the space to ensure the mechanical and electrical systems were integrated within existing systems and their operation to maximise energy efficiencies.

## **Annex B**

### **Advisory Council on National Records and Archives: 15th Annual Report 2017-18**

To the Right Honourable Jeremy Wright QC MP, Secretary of State for Digital, Culture, Media and Sport.

#### **Part One – The Advisory Council**

The Advisory Council on National Records and Archives (the Council) is an independent body. It advises you as Secretary of State for Digital, Culture, Media and Sport (the Secretary of State) on issues relating to access to public records. This includes advising you on matters relating to public records generally and representing the public interest in determining which historical records should, exceptionally, not be open to public access, as such records normally are. It was established by the Public Records Act 1958 (PRA) and is a non-departmental public body.

The Council is chaired by the Master of the Rolls, The Rt Hon Sir Terence Etherton, who was appointed with effect from 3 October 2016. Details of the membership of the Council during the period covered by this report are set out in Appendix A, from which it will be seen that, during the course of 2017-18, seven members of the Council stood down and four new appointments were made.

#### **The role of the Council**

The Council advises on:

- applications from departments for the retention of public records beyond the age of 20 years, when those selected for permanent preservation are normally transferred to The National Archives
- the balance of the public interest in applications from departments for the extended closure of historical public records and other ‘matters relating to the application of the Freedom of Information Act 2000 (FOIA) to information contained in public records that are historical records within the meaning of Part VI of that Act’
- the balance of the public interest in the release or non-disclosure of historical records, an application for the disclosure of which has been made under the FOIA; and
- the preservation of public records in places of deposit and facilities for public access to them.

Through its sub-committee, the Forum on Historical Manuscripts and Academic Research, the Council advises the Chief Executive of The National Archives and Keeper of Public Records on matters relating to private archives outside the public records system.

As its name suggests, the Council's role is advisory. Accordingly, the Council does not:

- make the final decision as to whether, when they become historical, records are transferred to The National Archives closed nor on whether, when a closed record is reviewed after transfer, it should remain closed – these decisions lie with the department whose records they are
- make the final decision on whether a record can be retained by a department – the decision is made by the Secretary of State for Digital, Culture, Media and Sport.

Nor does the Council:

- advise on departments' retention of records under the Security and Retention Instrument 2011
- review departments' decisions on the selection of their records for permanent preservation - this falls under the remit of the Keeper of Public Records.

## **Part Two – The Advisory Council's work in 2017-18**

### **Meetings**

The Council held four meetings this year: in May, July and November 2017 and in February 2018. As well as Council members, meetings were attended by Jeff James, The National Archives' Chief Executive and Keeper of Public Records, and by other representatives from The National Archives who have particular expertise related to the issues considered by the Council.

### **The Advisory Council's procedures and processes**

During the course of the year, the Council completed its review of its procedures and processes, and has implemented a number of changes designed to enhance its independence and effectiveness. For example, two deputy chairs have been appointed – one (Trevor Woolley) for the Council's core business and another (Elizabeth Lomas) for the Forum on Historical Manuscripts. A number of recommendations emerging from the review will be reflected in a revised Code of Practice (under s.46 of the Freedom of Information Act) which will be the subject of a consultation exercise. Among these, the Council seeks to codify that its responsibilities are limited to advising on the balance of the public interest in the release or closure of records and does not encompass the provision of advice on the use of FOIA exemptions which are not subject to a public interest test ('absolute exemptions').

The Council has, however, been disappointed by the time it has taken for departments to respond to some of its recommendations, such as the institution of a procedure to ensure that the Council is consulted where FOI requests are made for records retained by departments and where the FOIA exemption claimed by the department gives rise to a public interest test. In one case, a recommendation from the review took more than a year to receive a response from your department.



### **Engagement with departments**

During this year, the Department for Digital, Culture, Media and Sport attended a Council meeting to discuss the progress they were making in the review and transfer of their historical records.

Representatives from the Department for Exiting the European Union (DExEU) attended meetings to provide the Council with details of plans to ensure that appropriate records in relation to the EU exit process were created and captured. The Council was also advised that the sensitivity criteria for some records being reviewed for transfer would need to take into account the negotiations for exiting the EU. The Council was content to agree that principle, but requested detailed information about amended criteria in the form of a memorandum or checklist and advised that it would take a case by case view of the cases presented to it for closure.

The Council received retention applications from: Animal and Plant Agency (APHA), Companies House, HM Land Registry, Home Office, HM Treasury, Foreign & Commonwealth Office (FCO); Ofqual, Serious Fraud Office (SFO), Office for National Statistics (ONS), Department for Education, Department for Health, Charity Commission, Natural Resources Wales, Department for Digital, Culture, Media and Sport (DCMS), HMRC, Department for Work & Pensions and Cabinet Office.

The Council was content to recommend that permission be given to retain their legacy records for the 12-month period requested by HM Land Registry, SFO, ONS, Department for Education, DCMS, APHA and Companies House were given a one-year retention instead of the requested two years and both were asked to provide a progress report within the year. DWP was given a two-year retention instead of the requested five years; and the Council asked for additional information regarding the record subjects and resourcing.

Ofqual, Charity Commission and Natural Resources Wales were granted a one-year retention but were asked to provide progress updates. HM Treasury, FCO, Home Office and Cabinet Office were given permission to retain records for the requested periods.

The Council considered update papers from the FCO regarding their review of annual department files and from the Home Office, HMRC and Department of Health.

Representatives from the Ministry of Defence provided the Council with an update on plans for the transfer of military service personnel records from the early part of the last century. The department's proposal for the digitisation and ongoing access of these records was considered by the Council, which was content in principle with the transfer proposal but had concerns about the funding of the project and the opportunity for continued public access. The department was asked to return to Council with an update and revised proposal in November. During the year, the Council has received and considered correspondence from a researcher expressing concerns about the timely selection and transfer from the Ministry of Defence of particular record series. While matters of selection are not within the Council's remit – being a matter for the department under the supervision and guidance of the Keeper – the Council will seek further reassurance during 2018-19 from both the department and The National Archives that transfer obligations are being met.

## Access to Public Records

- **Closure of records under the Freedom of Information Act**

The Council is responsible for advising you on the application of the FOIA to historical public records, including on applications from departments that wish their records to be transferred to The National Archives closed or partially closed (redacted) under exemptions permitted under the FOIA.

In 2017-18, 74,551 government records were transferred to The National Archives. Over 87.6% of these records were transferred open in full or partially closed and can be viewed at The National Archives by any member of the public who has a reader's ticket. The remaining 8.2% of records were transferred closed, after departmental applications to do so had been scrutinised by the Council and 4.2% were retained in full by the relevant department.

The number of closure applications submitted to the Council increased very significantly this year to 5,974, compared with 4,290 in 2016-17. Around 60% of these applications engaged only absolute exemptions, and so were not subject to a public interest test. Of these, the vast majority involved personal information about private individuals; personal information may be protected from release by the Data Protection Act. In considering applications to close records to the public, the Council focuses on those that invoke exemptions subject to a public interest test. The most common exemptions claimed concern damage to international relations and risks to the health or safety of individuals.

Given the very large volume of applications placed before it, the Council works on the basis of summaries prepared by departments and vetted by The National Archives. The Council will ask for more details and question apparent weaknesses in the arguments for closure until it is satisfied; or until the department withdraws or modifies the request. Occasionally, the Council may insist on one of its members seeing the full record.

The Council queried just under 7% of the applications it received, but the figure rises to around 17% when records only attracting absolute exemptions are excluded. More than half of this year's queries resulted in the applications being amended or withdrawn by departments. In the majority of cases, the Council raised queries which required departments to make the arguments for closure clearer, rather than to alter the duration of closure or the FOI exemption to be applied to the records. While this has provided some reassurance that departments are taking care to ensure that they are applying the correct exemptions, there is still scope for them to improve the quality of the justifications they offer in support of their use. In one case, the Council nominated a member to view a record because it was unpersuaded by the department's justification for closure. As a result, the Council recommended in favour of transferring the record open. If the difference of opinion continues, the Council's new process for dealing with cases of unresolved disagreement (which requires the department to seek approval from its ministers) will be applied. Ultimately, the final decision will rest with the department but if it is contrary to the advice of the Council the disagreement of the Council will be recorded in one of our quarterly communications to you as Secretary of State.

Generally, the quality of the applications made by departments for closure have been satisfactory. The Council has, however, had occasion to press departments to produce bespoke explanations for the record concerned rather than offer a generic explanation which fails to address the specifics. In addition, there have been instances when Departments have been slow to respond to queries raised by the Council, or have withdrawn applications only after repeated challenge from the Council.

- **Retention of records under the Public Records Act**

The Council also advises the Secretary of State on applications submitted by departments for the retention of public records under the Public Records Act 1958. The most common grounds for a department to seek to retain records are set out in guidance produced by The National Archives.

The Secretary of State has accepted the Council's advice on every application considered this year.

This year, the Council considered 1,432 retention applications, an increase of 45% on 2016-17 and 80% on 2014-15. As reported last year, the main reasons for the increase are the impact on review teams' workload of the transition to the 20-year rule, which requires departments to review two years' worth of material each year from 2013 until 2023. Additional reasons are:

- a) The introduction of The National Archives' Record Transfer Report in 2014, which provides greater transparency by publishing data on records transferred or retained by departments. This has encouraged departments to make sure that they comply with the PRA and have a retention instrument to allow them to retain historical records for which they have an ongoing business need
- b) That departments are increasingly being required to retain records which they may be asked to make available to inquiries or inquests, for example the Independent Inquiry into Child Sexual Abuse. A new category (no.8) has been added to the list of grounds for retention drawn up by The National Archives to reflect this; and
- c) That departments are making more applications to the Council to retain records on security grounds where that material that would previously have been considered to have fallen under the 2011 Security and Retention Instrument. The criteria for the application of the Instrument are being applied more tightly by departments and more material was considered out of scope of such 'blanket' retention approval.

The following table shows the number of applications for closure and retention considered by the Advisory Council, and the number queried by it. There were three outcomes in the case of queried applications:

- a) Clarification or additional information provided by a department was accepted by the Council and the application was agreed unchanged

- b) The department amended its application so that the closure period was reduced, the reasons for closure more accurately explained, or the amount of information to be closed reduced
- c) The department withdrew its application.

Further information on how the Council scrutinises and challenges the applications it receives is available on the Council's website.

|                        |   | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18*</b> |
|------------------------|---|----------------|----------------|----------------|-----------------|
| Closure applications   | <b>applications considered</b>  | 4,250          | 4,435          | 4,290          | 5,974           |
|                        | <b>applications queried</b>   | 181            | 480            | 506            | 410             |
|                        | <b>applications where clarification was received and accepted</b>               | 105            | 340            | 230            | 117             |
|                        | <b>applications which were amended by departments and accepted</b>              | 67             | 126            | 206            | 186             |
|                        | <b>applications withdrawn by departments following challenge by the Council</b> | 9              | 14             | 28             | 27              |
| Retention applications | <b>applications considered</b>  | 793            | 952            | 986            | 1,432           |
|                        | <b>applications queried</b>   | 28             | 44             | 116            | 125             |
|                        | <b>applications where clarification was received and accepted</b>               | 21             | 28             | 34             | 32              |
|                        | <b>applications which were amended by departments and accepted</b>              | 4              | 12             | 38             | 72              |
|                        | <b>applications withdrawn by departments following challenge by the Council</b> | 3              | 4              | 24             | 11              |

\*a number of queried cases remained unresolved at the end of the period covered by this report and will be carried forward.

- **FOI Panels**

Records retained by departments and those closed at transfer to The National Archives remain subject to the FOIA and individuals can make an FOI request under the FOIA to have access to them.

When The National Archives receives a FOIA request for access to closed information held there, it follows the procedure set out in Part VI of the Act. Under these provisions, before a request can be refused on the grounds of a qualified exemption, the Secretary of State and the Council must be consulted. The Council will carry out the public interest test, which is necessary before such an exemption can be applied. This is, whether in all the circumstances of the case, the public interest in disclosure is outweighed by the public interest in refusing access to the information in the record. For this purpose, panels of three Council members are convened to consider the public interest in the release or non-disclosure of the requested information. The Council has no advisory role when a request is to be refused citing only absolute exemptions (around 38% of cases).

In most cases, the request concerns information closed at transfer on the grounds that it was either information:

- that, if released, would endanger the safety or physical or mental health of an individual
- that, if released, would damage international relations
- relating to law enforcement.

Cases are carefully scrutinised and debated by panels on the basis of a fresh assessment by the department of the arguments for and against disclosure, taking account of any change in circumstances since the access status of the record was last considered. If they consider it necessary, a panel will request further detail or clarification from the relevant department or The National Archives. Even where they are in agreement that the public interest in closure outweighs the public interest in applying the exemption, the panel may also raise concerns they have about departmental practices and draw attention to inconsistencies between departments in their handling of FOIA requests.

During 2017-18, 26 panels were convened, with 383 cases being considered. Panels challenged 43 of these. Having been provided with more detail, the panels in most cases were able to accept departments' arguments for continuing to apply public-interest based exemptions. However, in two cases, the panels' challenges resulted in the closed records being opened in full and, in two other cases, there was a partial release of the closed information. As in previous years, the majority of FOI requests for closed records sought access to criminal case files, usually relating to historic murder cases. In these instances, the Council is typically called upon to balance the public interest in release against the potential distress which might be caused to victims or their relatives, or (in the case of unsolved crimes) to the risk to the successful prosecution of perpetrators in the future.

The Council has found it necessary to remind departments of the need to process FOI requests promptly so as to leave the Council enough time to probe and challenge, as necessary.

### **Part Three – The Forum on Historical Manuscripts and Academic Research**

The Forum on Historical Manuscripts and Academic Research (the Forum) was established in May 2010. The Forum, in its capacity as a subcommittee of the Advisory Council, provides a means through which the Chief Executive of The National Archives, in his capacity as Historical Manuscripts Commissioner, can seek advice on historical manuscripts (independent archives). It is also a place for discussion about academic research issues.

The Forum is chaired by the Master of the Rolls. Membership currently includes Dr Elizabeth Lomas, Deputy Chair, and four additional members of the Advisory Council, all of whom have expertise in academic research and/or knowledge and experience of independent archives. During the period covered by this report, three members of the Forum, Dr Christopher Ridgway, Dr Ian Mortimer and Mr Clive Cheesman, all came to the end of their terms.

Meetings of the Forum are attended by the Chief Executive and other staff from The National Archives.

The Forum met once during this year. It has continued to discuss and advise on:

- Revised Terms of Reference for the Forum
- The work of the Research and Academic teams at The National Archives
- *Archives Inspire* and *Archives Unlocked* – strategic visions for The National Archives
- Commemoration of the 150th Anniversary of the Historic Manuscripts Commission
- The improvements to Discovery, The National Archives' catalogue.

In addition, it has considered seven cases dealing with the acceptance by the government of private archives in lieu of the payment of a tax liability under the provisions of the Inheritance Tax Act (1984).

**The Right Honourable Sir Terence Etherton,  
The Master of the Rolls, June 2018**

## Appendix A

### Members of the Advisory Council on National Records and Archives

The Master of the Rolls chairs the Advisory Council. The Master of the Rolls was originally responsible for the safe-keeping of charters, patents and records of important court judgments. Today he is President of the Court of Appeal (Civil Division) and Head of Civil Justice. The current Master of the Rolls is the **Rt Hon Sir Terence Etherton**.

Four new members – Moira Andrews, Liz Copper, John Wood and Peter Gooderham – were appointed to the Advisory Council in January 2018.

During the period covered by this report, one member – Dr William Peace – stood down and seven members – Professor Rodney Brazier, Mr John Collins, Mr John Evans, Ms Sarah Fahy, Mr Stephen Hawker and Mr John Millen – came to the end of their terms.

In September, Ms Hillary Bauer, Ms Lesley Ferguson and Mr Michael Smyth were reappointed for three years; Mr Trevor Woolley was reappointed for four years and Sir John Ramsden was reappointed for one year.

The current members of the Council are:

**Lady Moira Andrews**, Director, Praetor Legal Aid Ltd and ADS Group Ltd; Research Fellow, King's College London; former Government Legal Adviser.

**Ms Hillary Bauer OBE**, adviser on culture and heritage issues; formerly Head of International and Cultural Property Unit, Department for Culture, Media and Sport.

**Ms Liz Copper**, Senior Broadcast Journalist, BBC News; pupil barrister; broadcast journalist, BBC News; Crown Prosecution Service Panel Advocate.

**Ms Lesley Ferguson**, Head of Archives and Engagement, Historic Environment Scotland.

**Dr Helen Forde**, historian and archivist; formerly board member of the Museums and Libraries Association; Chair of the Board of Trustees of the Postal Museum; Vice-President of the Society of Antiquaries.

**Dr Peter Gooderham, CMG**, former Ambassador to the UN and WTO in Geneva.

**Ms Angela Kelly**, Senior Legal Adviser and Examiner of Statutory Rules, Northern Ireland Assembly.

**Dr Elizabeth Lomas**, Senior Lecturer in Information Governance, University College London; formerly Head of Records Management Services for the Royal Household.

**Sir John Ramsden Bt**, formerly HM Ambassador to Croatia; formerly Head, Central and North West Europe Department, Foreign and Commonwealth Office.

**Mr Michael Smyth CBE QC (Hon)**, Member Legal Services Board and Fundraising Regulator; former Head of Government Practice, Clifford Chance.

**Ms Jeannette Strickland**, independent archive and records consultant; formerly Head of Art, Archives and Records Management, Unilever.

**Mr John Wood**, solicitor; Advisory Committee on Business Appointments (ACOBA) Independent Member; formerly Charity Commission for England and Wales Legal Board Member and Board Consultant; formerly Herbert Smith Freehills, Partner, then Consultant.

**Mr Trevor Woolley CB**, non-executive director, Oil and Pipelines Agency; formerly Director General, Ministry of Defence.

The Secretary to the Council is currently **Anne Hardy** of The National Archives.

### **Members of the Forum on Historical Manuscripts and Academic Research**

Advisory Council members Hillary Bauer, Lesley Ferguson, Elizabeth Lomas, Helen Forde and Jeannette Strickland also sit on the Forum.

The Secretary to the Forum is currently **Anne Hardy** of The National Archives.



## Annex C

### Annual Report of the Independent Complaint Reviewer 2017-2018<sup>25</sup>

Jodi Berg OBE is the Independent Complaints Reviewer (ICR) for The National Archives. She has a background as a solicitor and a mediator, and acts as the ICR for other public bodies.

The ICR service is free to people unhappy with the answers they have received to their complaints from The National Archives. The ICR Office responds to all enquiries in an efficient and courteous way.

#### **Introduction by Jodi Berg OBE**

I am pleased to present my final annual report as ICR. This service was established in 2000, and since then it has been my role to respond to complaints escalated to independent review when people are unhappy with the response given by The National Archives itself, and to monitor the operation of its internal complaint process.

In my very first annual report, I noted that the provision of this service recognised the importance of ensuring public confidence in the way that the organisation carries out its important role, and demonstrates its wish to be held accountable in a very direct way. Since then, the commitment of The National Archives has not wavered in terms of its commitment to the service and to learning from complaints.

The National Archives retains an enviable, international reputation for quality in its role as the custodian of the nation's records. It also enjoys a well-deserved reputation for the excellence of its facilities and for the courtesy and efficiency of its staff. However, problems do occur from time to time. In general, complaints are resolved internally and this year we were contacted by only a handful of dissatisfied customers.

ICR review has considered what people can reasonably expect from The National Archives and whether standards were met in their case. Over the years, The National Archives has unfailingly responded in a positive way to recommendations I have made in response to complaints, either for individual redress, such as an apology, or systemic improvements. I have enjoyed constructive relationships with successive Chief Executives and Keepers, none more so than Jeff James who has shown admirable leadership in this important area.

#### **Overview of complaint activity and examples**

Between 1 April 2017 and 31 March 2018, The National Archives recorded 61 complaints, a decrease from 74 last year. Most of these were resolved without the complainant needing to escalate their concerns to Internal Review by the Chief Executive's Office. Only two of these complaints resulted in referral to the ICR Office.

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<sup>25</sup> Following a competitive procurement exercise, The National Archives engaged ch&i Associates as Independent Complaints Reviewer from 01 Apr 18.

The National Archives also recorded 71 compliments, a marked decrease from the 157 compliments recorded last year, but reflects the impact of the changes made to the Your Views feedback streams last year. These changes included how feedback from the Collections, Expertise and Engagement Department was obtained, and a survey was introduced, developed specifically to enable The National Archives to better understand user's experiences of the service. This data has to be set in context against The National Archives' public contact and this year The National Archives dealt with over 34,000 telephone enquiries, over 13,000 live chat contacts, over 29,000 written enquiries, and it supplied over 540,000 documents to customers, mainly directly to the public. In the overall scheme of this extensive customer contact, complaints are very few in number and referrals to the ICR are rare.

As always, this year we have had several requests for help from people who have not yet been through The National Archives' internal complaints procedure. These customers have been referred on to The National Archives. Where we can, we offer general advice or assistance that they have been unable to obtain through initial contact with The National Archives. This year we responded to nine people who were looking for help and information about a variety of issues:

- The removal of self-service printing facilities at the National Archives
- The National Archives document digitisation charges
- A request to correct information held by The National Archives
- Rudeness on the part of a The National Archives' member of staff who allegedly laughed at a member of the public who pointed out a distressing mistake in the records
- The delay in moving documents held by The National Archives at Portsmouth to Kew.

Where complaints referred to me are premature, we have asked The National Archives to provide a response to the issue. On each occasion that we have done so, The National Archives has immediately contacted the individual and taken their concerns forward. This year none of these complaints were referred back to me for review. However, a complaint review carried over from the previous year was completed.

### **Case study**

The complainant contacted The National Archives concerned that wording in the 2015 Information Fair Trader Scheme report on Ordnance Survey did not accurately reflect the actual wording in the Download Terms Licence and asked for a revision. The matter was considered by The National Archives and an amendment was made, however the complainant felt that the revised wording remained inaccurate and continued to pursue the matter. The complaint was reviewed within The National Archives' internal process culminating in a response from the Chief Executive and Keeper, which accepted that there were procedural matters that could have been handled better, although no further amendment to the record would be made. The complainant referred the matter to me and complained about the delay in implementing recommendations that had been accepted by the Chief Executive and Keeper, and had also failed to take disciplinary steps in relation to staff attitudes and communication previously complained about.

I raised these issues with The National Archives which then took action to implement the recommendations. I acknowledged that this had been done and that in this way the complaint has had a positive and constructive benefit on The National Archives' processes, which will serve to be of assistance to others in the future. However, I recognised that the implementation of review recommendations took longer than may have been expected. Had The National Archives given a clear indication of how long things might take, it would have made it unnecessary to raise further concerns. I recommended that this should happen in the future.

It also transpired that the complaint against the member of staff had not been taken forward as there was a disconnect between general complaint procedures and complaints against individual members of staff, which were considered to be human resource issues. I recommended that The National Archives should review its complaint procedures to make an appropriate link with human resource/disciplinary procedures where complaints against individual members of staff are raised. It should be explained to a complainant at the outset how such matters will be taken forward and that they will not be told the outcome of such an investigation, as far as any action taken with regard to the individual staff member is concerned. If an investigation ascertains that a complaint was justified, then the customer should be given an appropriate apology if that is warranted. The National Archives has accepted these recommendations.

### **Overview of The National Archives' learning from complaints and customer feedback**

The following examples demonstrate that The National Archives takes customer feedback seriously and continues to try and improve its service to customers:

- In May 2018, The National Archives' new events and learning space was completed with seating for approximately 250 people, who will be able to enjoy a range of events including talks, performances, and screenings for diverse audience groups and numbers
- The number of documents that visitors can order in advance was increased from six to 12 records. This change has been popular and advance orders have increased.

The National Archives has implemented a number of changes this year which have affected service users:

- The National Archives no longer provides self-service printing facilities or camera stations for users on site, which has resulted in some concerns being raised with this office
- Digital documents can now be downloaded on site and sent via email, free of charge
- Ordering times were adjusted to commence at 09:30 and finish at 16:00 every day.

**Finally**

The National Archives will be making new arrangements for independent review for the coming year and I wish the new service provider every success. I have every confidence that The National Archives will be supportive of the process as they have always been during my term of appointment. I note with thanks The National Archives' view of the service it has been my privilege to provide:

'Having an ICR provides an extra level of assurance to us as an organisation, and to our users, that we deal with complaints in a fair and proper manner. Having access to a source of expertise on dealing with difficult customer service issues has been invaluable over the last 20 years, with both strategic and practical advice being offered. The Complaints Manager in any organisation can sometimes be an isolated position, and having that external source of advice and validation can be reassuring.'

I record my thanks to The National Archives' Customer Service and Complaints Team, and to the Programme Management Office for their interest in customer complaints and feedback, and for their assistance with referrals and ICR review.