

# National Museums and Galleries on Merseyside Annual Report and Accounts 2019-20

Presented to Parliament pursuant to paragraph 8(7) of the Schedule to The Merseyside Museums and Galleries Order 1986 (SI 1986/226).

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## **Legal and Administration**

### **Status**

National Museums & Galleries on Merseyside (NMGM) was established as an incorporated Trustee Body by the Merseyside Museums and Galleries Order 1986. This was laid before Parliament on the 13 February 1986 by the Chancellor of the Duchy of Lancaster, following a recommendation to Her Majesty in Council, under section 46 of the Local Government Act 1986 (amended by the Museums and Galleries Act 1992).

NMGM is an exempt charity by virtue of Schedule 3 to the Charities Act 2011.

In 2003 the Board of Trustees adopted the operating name “National Museums Liverpool” (NML). NML has status as a Non Departmental Public Body (NDPB), sponsored by the Department for Digital, Culture, Media, and Sport (DCMS). DCMS became the principal regulator of NML on 1 June 2010, and provides the majority of its revenue funding.

Government reporting protocols require that the statutory name be used to identify the account on the cover and sheet headers. However, where possible, the operating name, or its abbreviated form, has been used throughout the Annual Report and Accounts (ARA).

The ARA has been prepared in accordance with the accounting policies set out in Note 1 to the accounts, and complies with the Charities SORP (FRS102), HM Treasury Financial Reporting Manual (FReM), and the applicable standards as modified by the Accounts Direction, produced by the Secretary of State for Digital, Culture, Media, and Sport. All financial values are stated in £ Sterling.

The ARA consolidates the ARA for the museum and the wholly owned trading company, NML Trading Ltd (NMLT). Together these form the NML Group.

### **Trustees**

NML is governed by a Board of Trustees appointed by the Secretary of State for Digital, Culture, Media & Sport. The appointment process aims to ensure that appointees reflect a wide range of experience and expertise.

New Trustees receive training via an approved induction process, managed by both NML and DCMS. This includes a full day briefing session at NML with the Chairman, current Trustees and senior staff. The new Trustees are apprised of the current issues being faced by the organisation in each Directorate. Prior to the briefing, Trustees are provided with the documents; Trustee Code of Practice, Managing Public Money, and the Charity Commission Guidance for Charitable Museums and Galleries. Individual meetings with senior staff, and tours of venues, are provided on an ongoing basis following formal induction.

The Board of Trustees is responsible for the overall strategy of NML and has due regard to the guidance published by the Charity Commission, including guidance on public benefit. The Trustees monitor the risks facing NML, by receiving and considering reports on specific risks, in specific projects, identified within the papers submitted to the Board and Trustee Committees during the year.

The Board of Trustees during the year comprised:  
Sir David Henshaw (Chair)  
Carmel Booth (appointment ended 25/01/20)  
Laura Carstensen (appointment ended 16/10/19)  
James Chapman  
Sarah Dean

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David Fleming  
Heather Lauder  
Andrew McCluskey  
Philip Price  
Ian Rosenblatt OBE  
Max Steinberg  
Virginia Tandy OBE  
Dr Nicola Thorp (appointment ended 25/01/20)

Associate Trustee – Michelle Charters

**Trustee Committees**

The following Trustee Committees met during the year:

Audit & Risk Committee  
Finance & Resources Committee  
Remuneration Committee

**Register of Interests**

A register of interests disclosed by individual Trustees is available on request for inspection at the Principal Office along with minute book entries of disclosures made at Trustee meetings.

Related party transactions are shown in note 20.

**Open Government**

NML complies with the requirements of the *Freedom of Information Act 2000*.

Copies of the proceedings of the Board of Trustees, subject to exemption where appropriate under the Freedom of Information Act 2000, are also available on our website.

**Registered Office and Professional Advisers**

**Principal and Registered Office of NML**

World Museum  
William Brown Street  
Liverpool  
L3 8EN

**Investment Managers**

Rathbone Brothers Plc  
Port of Liverpool Building  
Pier Head, Liverpool  
L3 1NW

**Bankers**

National Westminster Bank Plc  
2-8 Church Street  
Liverpool  
L1 3BG

Lloyds Bank Plc  
Faryners House  
25 Monument Street  
London  
EC3R 8BQ

**Auditors**

**Consolidated Account**

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

**Trading Company**

BWMacFarlane & Co  
Castle Chambers  
43 Castle Street  
Liverpool  
L2 9SH

## **National Museums & Galleries on Merseyside**

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#### **Solicitors**

DWF LLP  
1 Scott Place  
2 Hardman St  
Manchester  
M3 3AA

Weightmans  
100 Old Hall Street  
Liverpool  
L3 9QJ  
*(for employment law)*

#### **Management**

During the year, there were changes to the senior management structure, new people in post and periods of interim cover. The senior management of NML was:

Director and Accounting Officer, Laura Pye;  
Executive Director of Art Galleries and Collections Care, Sandra Penketh;  
Executive Director of Audiences & Media, David Watson – appointed 1 July 2019;  
Executive Director of Business Resources, Louise Parnell – left 21 February 2020;  
Interim Executive Director of Business Resources, Anthony Park – from 2 March 2020;  
Executive Director of Enterprise & Visitor Engagement, Melanie Lewis<sup>1</sup>; and  
Executive Director of Museums & Participation, Janet Dugdale.

At 31 March 2020, there were eight public museums within the NML Group. These were: -

- World Museum - William Brown Street, Liverpool;
- Walker Art Gallery - William Brown Street, Liverpool;
- Merseyside Maritime Museum – Royal Albert Dock, Liverpool;
- International Slavery Museum – Royal Albert Dock, Liverpool;
- Lady Lever Art Gallery - Port Sunlight Village, Bebington, Wirral;
- Sudley House - Mossley Hill Road, Liverpool;
- Museum of Liverpool – Mann Island; and
- Border Force National Museum – Royal Albert Dock, Liverpool.

#### **Human Resources**

NML places great importance upon people being at the heart of the organisation, ensuring staff are engaged, enabled and empowered to fulfil their potential. NML recruits staff through fair and open competition, and is committed to selection on merit.

#### **Involvement of employees in the affairs, policy-making and performance of NML**

Staff are encouraged to become involved in the formation and delivery of policies, and to contribute towards the assessment of performance effectiveness within NML. There is a Joint Consultative Committee, and NML formally recognises two trade unions: Prospect, and the Public and Commercial Services Union (PCS). A weekly e-newsletter is issued covering current events and activities.

#### **Persons with Access Requirements**

The NML Group continue to apply established policies and processes to enable everyone to access the same opportunities. NML has a number of forums under NML's THRIVE initiative, including equality, diversity and inclusion and mental health and disability, where staff are actively encouraged to become involved in discussions policies and processes affecting employment, training, and personal development. NML facilitates an occupational health and workplace assessment to consider any reasonable adjustments necessary to be able to perform the role for both job applicants, and existing employees, who have a disability. Access standards for display, design, and public use of buildings, have been produced, and are available to staff in electronic form.

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<sup>1</sup> The Executive Director of Enterprise & Visitor Engagement is employed and paid by NMLT.

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**Staff Resource Strategy**

NML determines its staffing requirements in the short, medium and longer-term. NML continually reviews what we do, and how we work, across all functions, in order to ensure we are resourced appropriately.

**Volunteer Programme**

Volunteers make a significant and diverse contribution to the success of NML. They support us in all areas of the organisation, in roles ranging from administrative, curatorial, and conservation assistance, to assisting with visitor services, education, and communities.

NML engaged 200 volunteers in 2019/20 (2018/19- 201).

**Health & Safety Policy**

NML is committed to providing a safe and healthy working environment for all our employees. So far as is reasonably practicable, systems and procedures are implemented to ensure that all equipment, plant, substances, and premises, are safe, and free from adverse effects to health. It is a key objective of this policy to ensure that employees, the public, and others, affected by our activities, are exposed to the lowest reasonable level of risk.

The health and safety policy is reviewed every 12 months and the Health and Safety Officer plays a lead role in ensuring that senior management is kept informed of current, and future, legislation, that management systems are in place, and that adequate resources, financial or otherwise, are allocated to health and safety. Health and safety statistics, and any underlying issues, are reviewed on a regular basis by senior management, and the Trustees.

## **Director's Statement**

I am immensely proud of what colleagues have achieved - building upon the previous year's successes and we continue to transform National Museums Liverpool into a more sustainable and impactful cultural business. Our collective focus has been centred on implementing our new strategic plan and significant progress has been made toward improving and streamlining our department functions and operations, upgrading our technology infrastructure as well as delivering a spectacular and inspiring programme of exhibitions, events and activities for visitors' in-venue, online and in communities.

National Museums Liverpool is a group of very different and wide-ranging museums and galleries; established more than 150 years ago as a complement and counterbalance to the museums in London and brought together in 1986 as a nationally funded group because of the global importance of our collections and as a symbol of hope and regeneration. We are eight exceptional museums and galleries, sharing important stories from ancient times to today through more than four million objects.

Entry to all our venues is free with a yearly programme of paid and Pay What You Think (PWYT) specially curated exhibitions. We hold in trust and safeguard some of the world's greatest museum collections, which are universal in their range – everything from archaeology and ethnology, natural and physical sciences, fine and decorative arts, maritime, social and industrial history. We continue to provide access to our incredible collections, and to tell their profound and important stories through creative, inspiring and informative ways that reach the widest and most diverse audience possible.

In 2019/20 we introduced PWYT as part of our strategy to continue to diversify and increase our income. *Rembrandt in Print* at the Lady Lever Art Gallery was the first exhibition where PWYT was used followed by *Matisse: Drawing with Scissors* also at the Lady Lever Art Gallery and most recently the *Liverpool on Wheels* exhibition at Museum of Liverpool. PWYT generated more than £17,000 in its first year of implementation and we will continue to build upon this success in 2020/21.

The most successful exhibitions during 2019/2020 were at Walker Art Gallery with *Leonardo da Vinci: A Life in Drawing* attracting 84,244 visitors and *Charles Rennie Mackintosh: Making the Glasgow Style* selling 58,737 tickets. At the Museum of Liverpool, the exhibition *Double Fantasy - John & Yoko* continued its successful run welcoming a staggering 699,828 visitors in total.

Our shops, cafes, events and ticketing business has had another strong year generating over £4 million. Our Fundraising team has continued to improve and further develop upon the strategic work undertaken in 2018/19 with particular attention given to strengthening our restricted and unrestricted income in 2019/20 and beyond. The fundraising team had particular success with visitor donations increasing by 7% on the previous year.

Our refreshed and refocused education offer has continued to be popular with more than 155,000 children visiting with a school group, and more than 600,000 children or adults taking part in our offer of activities or events across our museums and galleries. House of Memories, our world-leading dementia training and support services continues to go from strength to strength. We delivered training for 521 professional and family caregivers in person to support more than 2,600 people living with dementia, and saw 2,736 downloads of our award-winning My House of Memories app.

Work has continued at pace on our Waterfront Masterplan which will see a decade of change to ensure that all our facilities are revitalised to offer maximum contribution towards NML's



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core purpose and sustainability of this important public offer. Our plan centres on upgrading and enriching the unique cultural offer provided by the International Slavery Museum (ISM) and adjoining waterfront heritage assets. This work is key to increasing the quantity and diversity of visitors, improving the quality of visitor experience, enhancing the interpretation of the docks and collections to better present Liverpool's global history as well as commercialising assets to support our income generation priorities – all whilst strengthening relationships with external partners and communities for years to come. The time has now come for us to seize new opportunities to enhance our positioning as a cultural leader in the region and as international influencer. It enables us to open up our unrivalled destination offer to a larger audience and to explore a route to sustainability and to bring some of the more forgotten and significant stories back to life. Our teams will continue to work on developing our case for support, securing much-needed funds and setting the stage for 2020 and beyond.

As we neared the end of 2019/20, we were faced the unprecedented COVID-19 pandemic. The UK Government implement a series of public health protective measures eventually leading to full lockdown which saw all of our venues closing, and our events/activities suspended. This not only had a noteworthy impact on our end of year visitor and income figures but also meant that our teams needed to quickly reorganise and remobilise. It has been an extremely challenging period, but I must praise colleague's agility and flexibility which has enabled us to continue to engage with audiences in Liverpool, across the country and around the world.

Over the next 12 months we have some exciting exhibitions and public programmes planned including *AI: More than Human* (World Museum), *Linda McCartney Retrospective* (Walker Art Gallery), our biannual John Moores Painting Prize (Walker Art Gallery) as well as the launch of our refreshed *Life on Board* gallery (Maritime Museum). Our teams will continue to focus on delivering a series of major projects, as part of our transformation plan, including our much-needed brand refresh initiative, technology upgrades right across the organisation as well as continuing research and development for future exhibitions (including touring), digital immersive experiences and collections care and research.

We are in unprecedented times and whilst the extent to which COVID-19 will impact on our audiences and income is still fully unknown we are already working hard to ensure we can continue deliver our unrivalled public offer and our new ambitious strategic plan.



**Laura Pye**  
**Director and Accounting Officer**

## **Operating Review**

### **Objectives and Activities**

The primary purposes of NMGM are defined by the Merseyside Museums and Galleries Order 1986. They are to:

- Care for, preserve and add to the collections of NMGM;
- Secure that the collections are exhibited to the public;
- Secure that the collections are available to persons seeking to inspect them in connection with study or research; and
- Promote generally the public enjoyment and understanding of art, history and science both by means of the collections and by such other means as are considered appropriate.

A new ambitious ten-year strategic plan was introduced in 2019/20 which responded to the changing external environment and set out NML's strategic objectives and delivery plan. In developing these objectives, and planning our activities, the Trustees considered the Charity Commission's guidance on public benefit.

Our world-class collections sit at the core of NML and act as the key driver for us in achieving our objectives. It is fundamental that we care for our collections, ensure the public has access to them and that we use these exceptional items to stimulate discussion, learning and enjoyment. We will see further change to what we do and how we do it, but the collections will remain at the core of our efforts.

By 2030 we want to be the best museum 'league' in the world. A league recognised as the best of the best, like the Champions League or the Premiership, we want our museums and galleries to be places that everyone wants to see and that all stakeholders want to be associated with.

In our buildings and online we will have world-class displays and engagement programmes that make everyone feel welcome. 'Off the pitch' our world-class collections and colleagues will be supported to be their best and given great facilities. We will embrace the fact that each 'team' in our league is unique with its own fan base and individual stars; but collectively we want to be a league that all museums will aspire to be part of, and which is recognised externally as being a leading example.

As an organisation we are **Welcoming, Honest and Educational**, and as a team we are **Trustworthy, Respectful and Inclusive**.

We must continue to focus efforts onto augmenting our income and pursuing productive partnerships; at the same time as doing all we can to maintain morale among our staff and volunteers.

Some of the measures used to assess success are shown on page 35.

In addition to our core collections imperatives above, we will:

- have the most representative audience and colleagues' profiles within the museums sector in the UK;
- engage over ten million people each year: more than four million visitors to our museums and galleries and a further six million through digital engagement, touring exhibitions and outreach;

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- be a place where people want to work, are happy to work and proud to work and together we will generate over £50,000 a day, more than half our turnover, through commercial business, grants and gifts;
- ensure that we provide great facilities to look after our valuable collections and colleagues, with accommodation fit for the next 30 years;
- ensure all schools in the Liverpool City Region will visit at least one of one of our museums and galleries each year;
- ensure our museums and galleries will celebrate their unique identities and collections, play to their strengths, delight their different audiences and make us proud; and
- ensure people will recognise us as a valued leader of cultural and economic growth for the city, city region and north of England and as one of the world's finest museum groups.

To achieve our vision, realise our objectives, we will focus on five strategic aims:

- **Be More Representative**  
National Museums Liverpool prides itself on being for everyone, but for this to be true our colleagues, audiences and displays need to be representative of the communities we are here to serve.
- **Be More Self-Sufficient**  
We will transform our business model and embrace the digital revolution, to ensure we generate more income and offer the greatest value for money of any national museum. We will focus on our commercial business, grants and gifts to ethically generate more income which can be invested in our public offer.
- **Provide Memorable Experiences**  
Across our museums and galleries, and digitally, we have hugely diverse collections, each of which offers different things to different audiences. By allowing our museums and galleries to shine we improve the whole organisation and National Museums Liverpool becomes unbeatable. We will ensure each of our museums and galleries has the highest standard of offer; that as well as wonderful exhibitions and displays our cafes, shops, community programmes and other public spaces are also exceptional and that our collections and colleagues have all the facilities they need.
- **Partner & Influence**  
We will work with a wide range of partners to maximise the impact of National Museums Liverpool in our region, nation and across the world. We will contribute to our city region through growing the visitor economy, place making and impacting education, health and social care. We will be the partner of choice for businesses and will continue to use our collections for social impact. We will represent the best of the UK museum sector around the world.
- **Engage & Empower**  
We will build an organisational culture which embeds trust, respect and inclusion. People will remain at the heart of our organisation. Supported by our THRIVE programme, people will be engaged and empowered to drive and enable National Museums Liverpool to continually change and evolve.

### **Achievements and Performance**

We've made good progress towards achieving our strategic objectives:

**By 2030, engage over ten million people each year: more than four million visitors to our museums and galleries and a further six million through digital engagement, touring exhibitions and outreach.**

We welcomed 3.1m visits to our museums and galleries in 2019/20. We continue to build

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upon our previous years' success, and this is aided by a popular and high-profile exhibitions and events programme. The continued success of the *Double Fantasy - John & Yoko* exhibition at the Museum of Liverpool contributed to achieving such numbers alongside the thoroughly powerful and poignant *Blitzed: Liverpool Lives* and much-loved *Liverpool on Wheels* exhibitions. We're delighted that Museum of Liverpool ranked 2<sup>nd</sup> in the most visited museums in England outside London, Maritime Museum ranking 3<sup>rd</sup> and World Museum 8<sup>th</sup>. The International Slavery Museum and Walker Art Gallery also ranked in the top twenty.

Our digital audience was also strong, with 2,372,222 website visits, and a growing social media presence, with 275,323 followers overall (13% growth). Views on YouTube exceeded 3.2m, with a 25% growth in subscribers.

In 2019/20 we introduced Pay What You Think (PWYT) as part of our strategy to continue to diversify and increase our income. *Rembrandt in Print* at the Lady Lever Art Gallery was the first exhibition where PWYT was used followed by *Matisse: Drawing with Scissors* also at the Lady Lever Art Gallery and most recently the *Liverpool on Wheels* exhibition at Museum of Liverpool. PWYT generated more than £20,000 in its first year of implementation and we will continue to build upon this success in 2020/21.

House of Memories (HoM) had a very successful year at home and abroad, training 521 professional and family caregivers in person-centred dementia care to support more than 2,600 people living with dementia, and saw 2,736 downloads of our award-winning My House of Memories app.

April 2019 marked an historic moment in helping to support more people living with dementia, their families and caregivers internationally. National Museums Liverpool signed a Memorandum of Understanding in Singapore with The British Council and National Heritage Board to develop House of Memories' programme in Singapore including a Singapore version of our My House of Memories app, dementia awareness training, resources and activities. In the UK, new museum partnerships with Unilever and the Museum of London included an Autumn launch of new Unilever Brands, and Memories of London app content which accompanied dementia awareness training for staff, and professional and family caregivers. We returned to the Scottish Highlands in November to deliver more training to healthcare and museum professionals, following the success of the initial launch and training with our Scottish museum and healthcare partners in February.

Happy Older People Network (HOP) celebrated one year of the Young at Art programme in May working with older people in partnership with FACT and Open Eye Gallery, which included the showcasing of creative work by older participants over the past year. 1st October 2019 marked UN's International Day of Older Persons with HOP bringing together older people, organisations and city leaders to understand and challenge negative stereotypes of ageing. Guest speaker, Dr Anna Dixon, Chief Executive, Centre for Ageing Better, launched their national #AgeProud campaign at the HOP network event and Curtis Watt led an inspiring spoken word workshop to help understand and breakdown stereotypes on the journey to age equality. HOP members were empowered to be positive agents of change and created powerful poems which reflected their radical, joyous responses to feeling age proud.

2020-21 looks ahead to an exciting year developing a unique mobile immersive experience to take into the heart of local communities and launching our app in Singapore. New partnerships will expand our reach to more diverse communities nationally and internationally as we continue to change care through culture.

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An action-packed and inclusive events programme throughout the year also proved popular with audiences. Our talks, insights, tours and workshops covered everything from Disability Awareness Week and Bee Happy (International Day of Happiness) to LGBT+ History Month, Slavery Remembrance Day and Black History Month. Our programmes support colleagues to amplifying the stories of our unique collections, galleries and exhibitions. The John Moores Painting Prize competition returned to our programme in 2019/20 and due to COVID-19 we transferred the judging process online. We invested in the development of a new online entry platform – improving accessibility and usability – as well as delivering a new creative campaign to reach artists right across the country. We received over 3,000 entries generating over £70,000 in entry fees, and our official jurors Michelle Williams Gamaker, Jennifer Higgie, Gu Wenda, Hurvin Anderson and Alison Goldfrapp together whittled down the entries to a long list of artists. The jury will together select a final short-list when they meet late in 2020, with those successful in this second stage receiving a coveted spot in our John Moores Painting Prize Exhibition, hosted in stunning surroundings of the Walker Art Gallery.

Lady Lever Art Gallery closed for a day in November to host the BBC Children in Need programme. This was a huge event for the gallery with a choir of 170 children from 7 schools singing in the main hall. As North West tonight was broadcast from the gallery, including the weather, it was an impressive opportunity to publicise the gallery in the North West and also to the whole UK as there was a live national broadcast. The gallery looked stunning on screen with over 6 million people watching the programme.

To achieve increased visitor numbers to our venues and to experience our world-class galleries and exhibitions we have continued work to refresh and improve our offer right across our estate. In one of the biggest investments we've ever made in a permanent gallery, the *Life on Board* gallery at Maritime Museum, was completely refreshed and reinstated to offer a more accessible and enriching audience experience – enabling us to continue to tell many important and profound stories. The gallery looks at the work, culture and leisure on board trading and passenger ships, and explores these through the experiences of individual seafarers. *Life on Board* was generously supported by DCMS/Wolfson Museums and Galleries Improvement Fund. Work to improve our offer in our World Museum aquarium as well as toward the reinstatement of the Wondrous Place gallery at Museum of Liverpool begun in 2019/20, and will continue throughout 2020.

After 8 years of constant use by families with young children, *Little Liverpool*, our important and significant gallery at Museum of Liverpool was refurbished and reopened to the public in December 2019. Our Community Archaeology team also supported a number of local initiatives and partnerships including NHLF projects at prehistoric site in Lunt Meadows and a restoration project at Lister Steps Library in Tuebrook. Museum of Liverpool also hosted their first ever Twitter conference as part of the National Festival of Archaeology.

2019/20 also saw our iconic waterfront venue, Museum of Liverpool, win the Kids in Museums Family Friendly Award with World Museum also being shortlisted in the same category. We were also thrilled to win the Revitalise Accessibility Award which recognised Museum of Liverpool as the most accessible large visitor attraction in the country in 2019.

**By 2030, have the most representative audience and colleagues' profiles within the museums sector in the UK.**

In the past twelve months we've continued to make further improvements to ensure National Museums Liverpool is truly representative of its audiences and that we can attract and retain the most diverse talent. Together with external advisers we have begun reviewing and refreshing our recruitment approach to ensure we remove any potential barriers as well as improving and investing in our infrastructure, refreshing and revising our policies and

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processes as well as strengthen our HR resource to provide optimum support for our managers.

As part of our new ten-year strategy we refreshed our approach to setting, sharing and monitoring KPIs to ensure that together we all take responsibility in furthering our efforts to become the most representative museum in the UK.

We have continued work to strengthen and support the development of staff committees and groups, as well as enhance the effectiveness and embedding of our THRIVE programme established to support cultural transformation. THRIVE is also our core function that offers an effective mechanism to receive staff views, make recommendations for improvements, address areas of concern, develop new opportunities and encourage an engaged, happy workforce. THRIVE delivers an annual series of events aimed at supporting staff wellbeing and developing cohesion. In 2019/20 THRIVE introduced our new GEM Awards which recognise staff achievement, voted for by colleagues.

Our Equality, Diversity and Inclusion Group and Ethics Group meet monthly and reports to leadership team quarterly and our Board of Trustees.

**By 2030, be a place where people want to work, are happy to work and proud to work and together we will generate over £50,000 a day, more than half our turnover, through commercial business, grants and gifts.**

We've been rapidly making progress modernising and improving our HR function. Our Director of People has led a programme of transformation to support and advise managers to ensure we get the best from our people to deliver our ambitious strategic plan. We've developed new robust ways to assess and monitor where we are now, where we want to be and to enable the HR team, as well as the wider organisation, to build on our strengths and identify improvements and opportunities to achieve our goals into the future. Our performance development and review process (PDR) continues to go from strength to strength and helps managers to drive a high-performing culture, as well as be able to easily identify individual development needs, implement training and support and help us all to recognise and improve performance. Our HR team also launched a new online learning platform which delivers comprehensive training packages for colleagues –compulsory and optional packages to support organisation-wide commitment to improvement, training and development. Whilst this platform is new to the organisation and roll out gradual the uptake and staff response rate has been fantastic, and we will continue to offer new courses and expand its use.

The annual colleague engagement survey continues to be our key measure of the health of the organisation, and is the platform used by the Thrive engagement champions to develop and update a cultural change action plan. Alongside the engagement forum our Equality, Diversity and Inclusion Group (EDIG) work across the organisation to continuously improve our approach to this key priority, and to reflect the values strand of our culture.

We have seen the roll-out of a new Intranet to support communication and engagement amongst colleagues as well as investment in technology and software for the organisation as part of strategy to implement fit-for-purpose facilities, systems and services to enable our teams to become more mobile, agile and productive. Microsoft Office 365 was rolled out across the entire organisation including new devices as well as work commenced to realise our ambition to transform other core systems and services including Customer Relationship Management, Asset Management, Social Media Management and Media Monitoring. This investment in infrastructure all contribute to ensuring our teams have fit-for-purpose facilities to drive engagement and continued income generation.

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As a critical front door to our venues and collections we undertook the biggest redevelopment of our website since 2010. It was redesigned and redeveloped from the ground up – improving the user experience and ensuring that our online platform continues to be an accessible gateway for discovery, learning, engagement and income generation.

Commercial income (from retail, café and events trading) in 2019/2020 was over £4m. The Maritime Museum café also underwent a refresh to enable us to offer a better customer experience, improve back of house facilities and to be able to over time welcome an increased level of footfall - offering us the opportunity to generate further self-generated income.

Our Events department continued to deliver an outstanding programme of events for corporate clients which is a significant and key area of revenue for the organisation. Our team delivered corporate events for clients including Liverpool school of Tropical Medicine, Weightmans, Quilter Cheviot, Netball World Cup, University of Liverpool and Shop Direct. We also had another busy year for filming with major studios using our venues and spaces including Sky Atlantic, Warner Brothers, Netflix and BBC.

Our box office service continues to grow by supporting the wider organisation to deliver both free and paid for events to the public. The organisation now has ticketing webstore for each venue, successfully selling tickets for events and exhibitions for this financial year and the next.

We're committed to diversifying our income through innovation and collaboration. In 2019, we embarked on a new partnership with award-winning creative studio Draw & Code to explore the potential for a new digital immersive experience providing further access to our unseen collections - driving new effective ways of storytelling, creating new ways to experience our collections and to ultimately augment the way in which we drive further revenue generation.

Fundraising is led by the Leadership Team, Senior Management and the Development Office, supported by NML Trustees. The Development Office supports the fundraising function across the organisation and raises income from the public sector, trusts and foundations, companies and individuals (including major donors, public appeals, donation boxes, legacies and NML's Patrons' and Membership Schemes).

NML continued to raise significant funds from Trusts & Foundations, Corporate & Individual donors. Total fundraising recognised in the financial statements in 2019/20 was £995k.

Following a refresh of our membership offer and engagement campaign membership numbers have continued to be strong with 3,354 members in 2019/20 generating £82k. We continue to ensure our offer is compelling and that renewals are a key focus for our teams.

Through a concerted effort from the Trusts & Foundations team to identify opportunities to fundraise (including legacies, donations on tickets and Patrons) we have raised over £400k. We refreshed and relaunched our corporate membership, patron's programme and legacy initiatives. The fundraising team also hosted the first ever Directors Dinner to recognise on-going support and to build relationships and advocacy. Visitor donations raised £427k with the donation per visitor going up from 9p last year to 12p this year.

We are very grateful to a number of funders including the Eridge Trust, the P H Holt Foundation and the Great Britain Sasakawa Foundation for their generous support of educational activities at the Walker Art Gallery, International Slavery Museum and World Museum. We would also like to acknowledge the generous support of The Estate of the late

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2020**

Fanchon Frohlich for their support toward *The Art of Terrace Culture* at the Walker Art Gallery. The Tanyptera Trust generously funded an Assistant Regional Entomology Officer post for five years at World Museum. We are extremely grateful for the Trust's continued support of our work in advancing and promoting regional entomology to bring people and wildlife together.

National Museums Liverpool follows the Fundraising Regulator's Code of Fundraising Practice and all current UK and EU data protection law. We do not make unreasonably persistent approaches for donations or apply undue pressure to give to the organisation. We record contact we have had with individuals so that we can assess this before making further contact, thereby ensuring there is no intrusion on a person's privacy. If we have perceived that a person may be vulnerable, we do not approach them for any fundraising activities. We use a sensitive and common-sense approach to fundraising, treating our donors fairly and making sure they can make informed decisions about donations. There was no failure to comply with the Fundraising Regulator's Code of Fundraising Practice in 2019/20. In addition, neither NML, nor anyone acting on our behalf, has received any complaints regarding fundraising.

**By 2030, ensure that we provide great facilities to look after our valuable collections and colleagues, with accommodation fit for the next 30 years.**

Work has continued at pace on our Transformation Vision which will see a decade of change to ensure that all our facilities are revitalised to offer maximum contribution towards NML's core purpose and sustainability of this important public offer. Our masterplan has three core pillars 1) Waterfront Masterplan 2) City Masterplan and 3) Collections Store.

At the heart of our plan is the upgrade and enriching of the unique cultural offer provided by the International Slavery Museum (ISM) and adjoining waterfront heritage assets. This work is key to increasing the quantity and diversity of visitors, improving the quality of visitor experience, enhancing the interpretation of the docks and collections to better present Liverpool's global history as well as commercialising assets to support our income generation priorities – all whilst strengthening relationships with external partners and communities for years to come. Additionally, the works to transform International Slavery Museum and its immediate public realm begin to unlock our ability to move toward improving staff accommodation and realising our ambition to develop a new purpose-built collections store.

The time has now come for us to seize new opportunities to enhance our positioning as a cultural leader in the region and as international influencer. It enables us to open up our unrivaled destination offer to a larger audience and to explore a route to sustainability and to bring some of the more forgotten and significant stories back to life. Our teams will continue to work on developing our case for support, securing much-needed funds and setting the stage for 2020 and beyond.

Other significant pieces of work underway are the roof repairs to the Walker Art Gallery and Lady Lever Art Gallery. This will ensure we protect our buildings for the long-term and have high-quality and future-proofed environmental conditions to house our precious collections.

Parts of the World Cultures gallery closed in January 2020 for a refurbishment. This programme of upgrades was part of the #WMWhereNext campaign, which looks to transform aspects of the World Cultures gallery by creating issue-based rather than culture-based (colonial) displays. The transformed World Cultures galleries re-opened to the public in late February 2020.

Our Estates team continue to deliver a programme of maintenance and repair across our



## **National Museums & Galleries on Merseyside** **Annual Report for the year ended 31 March 2020**

public and non-public buildings to improve access, conditions and usability although we do have a backlog for which we need to secure further investment to realise.

**By 2030, ensure all schools in the Liverpool City Region will visit at least one of one of our museums and galleries each year.**

Our refreshed and refocused education offer has continued to be popular with more than 155,000 children visiting with a school group, and more than 600,000 children or adults taking part in our offer of activities or events across our museums and galleries.

The waterfront museums' Learning & Participation teams launched their charged for school workshops which include new handbooks for educators, teachers resource post visit activity packs and handling objects. The Learning & Participation team at the International Slavery Museum ran a series of work experience weeks – targeted at 16-24-year olds looking to develop employ ability skills. Many of those taking part asked to return and volunteer with one participant facilitating a samba workshop and another giving a spotlight tour on gallery for World Literacy Day.

Seized Learning & Participation team delivered Animals in Danger workshops highlighting the importance of CITES (Convention in the Trade of Endangered Species) collections, which saw schools and groups taking part in conservation activities about the butterfly population, and planting to encourage bees in the garden.

This year marked 20 years of commemorating Slavery Remembrance Day, with another great series of events. The Walk of Remembrance was a highlight with the Young Ambassadors launching their Civil rights and Freedom fights card game.

The Museum of Liverpool Learning & Participation team co-created content for the Liverpool Irish Festival, programming a series of schools' workshops, performances, talks, and outreach projects. Over 3,000 visitors participated in the celebratory event.

The World Museum Learning & Participation team worked with children and young people from the Dewi Jones Unit at Alder Hey Hospital to deliver bespoke Natural History of Ancient Egypt workshops.

Anti-Slavery Day of Action in October 2019 led by the Learning & Participation team at Seized helps raise awareness of modern slavery and trafficking. The event involved multiple partners involved in combating this, including Border Force West Coast Ports team, Stop the Traffik, Refugee Women Connect, and Gangmasters and Labour Authority.

**By 2030, ensure our museums and galleries will celebrate their unique identities and collections, play to their strengths, delight their different audiences and make us proud.**

We're embarking on a new initiative to refresh our brand. Our brand is now a decade old and as a result of our newly defined mission, vision and aims we acknowledge we must invest in our brand development to help us improve our ability to properly communicate this new strategic direction but also to establish clearer brand visibility in the market place and to enable us to tell our important and profound stories to audiences more effectively wherever they maybe. We want to reinforce our position as an organisation with venues and visitor attractions that audiences want to keep visiting, engaging with us in digital spaces and becoming global advocates. This is a very exciting project and one which will involve people across NML to give us a fresh style to reflect our refreshed mission and values.

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Through this brand refresh initiative we aim to a) establish a clear brand proposition that supports the organisation's aims, vision and mission b) ensure we achieve a clear brand architecture to elevate National Museums Liverpool (our umbrella brand) and key areas of business with public-facing brands (e.g. Hosted by, House of Memories etc. c) establish a refreshed, clear and exciting brand proposition that is flexible, and which can evolve with the organisation in the years ahead.

We will also be developing a new refreshed digitisation strategy to help us to continue to build on our digitisation efforts and make more of our collections accessible across our own and third-party platforms.

Our new progressive digital strategy underpins our efforts to ensure our museums and galleries can profile our extraordinary collections, events and activities and continue to elevate and tell important stories. We particularly continue to deliver digitisation and in 2019/20 we published new collections online including Japanese Prints, Liverpool Blitz, Oceania highlights, Maritime Archives and People's Republic Gallery highlights. Our upcoming work will include digitisation and publishing collections including every painting on display in the Walker Art Gallery, Titanic highlights, Transatlantic Slavery highlights, Decorative Art highlights, Museum of Liverpool highlights, Film Posters and the Archaeology Pool Hoard.

We're delighted that Maritime Museum and International Slavery Museum archives achieved Archive Service Accreditation status from The National Archives. This is the national accreditation standard for UK archive services and reflects the levels of good practice and the framework of standards implemented by NMLs Archives. This coincides with the refocussing of the search room at both venues under the Archives Centre identity.

**By 2030, ensure people will recognise us as a valued leader of cultural and economic growth for the city, city region and north of England and as one of the world's finest museum groups.**

Continuing our work to strengthen links with the Higher Education sector, we have signed a Memorandum of Understanding with the University of Liverpool, and are beginning to plan joint projects, including examining the potential for joint storage facilities.

During the year we worked closely with city partners such as VisitLiverpool, Culture Liverpool, Liverpool ONE, Royal Albert Dock and St George's Quarter. Recent activity has included competitions, joint promotion of exhibitions and involvement in city-wide campaigns.

Laura Pye (Director), Kay Jones (Lead Curator of Urban & Community History) and Charlotte Keenan (Lead Curator of Fine Art (British Art)) both participated in the Kyoto ICOM conference delivering keynote speeches and workshops to delegates. Our Head of Digital, Scott Smith, led a partnership with the University of Manchester, exploring Blockchain and creating an exhibition online using cryptocollectibles. He also took part in Culture24's LGR7 project representing National Museums Liverpool and had a written feature in the final publication and report.

Walker Art Gallery worked in partnership with the Department of Museum Studies at Leicester University to support the creation of a special film about architecture and the use of Port Sunlight Village spaces by residents and visitors. It links to a bigger research project being undertaken by the Department of Architecture at the University of Cambridge. The film was screened at a reception in the gallery on the 10th September 2019. Many local residents joined those involved in the project, to hear Professor Francois Penz and Dr Janina Schupp

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give an overview, before the film screening. The film provoked much discussion about community life in the village.

Alyson Pollard (Senior Curator, Lady Lever Art Gallery) and David Moffat (Assistant Curator, Decorative Art) have continued working with The Port Sunlight Village Trust (PSVT) on their project *Drawn Together, - Creating a shared digital archive of Port Sunlight plans and drawings*. The PSVT were awarded funding from the National Lottery Heritage Fund to support the documentation and digitisation of architectural drawings of buildings in the village. The project is a partnership between PSVT and four significant collections. The partners are Unilever, Art Archives and Records Management (UARM), Wirral Archives, Bolton Library and Museums Service and National Museums Liverpool. An online exhibition of the drawings will be launched this summer and a small temporary exhibition will also be held at the PSVT Museum, with an opening scheduled for mid-September 2020.

February's event *Design and Discussion: Tomorrow's Heritage Sites in today's Conservation Areas* saw a panel of architects debate issues and present solutions to modern architecture in conservation areas. In the summer the Walker Art Gallery will be hosting a lecture by Adrian Steel, Director of Collections and Programmes at RIBA. Work has continued with the University of Leeds in relation to their project *Sold! Year of the Dealer*. The project has a number of strands including an exhibition at the Bowes Museum called; 'SOLD! The Great British Antiques Story' running from 26th January to the 5th May 2019. The Lady Lever lent three pieces of Chinese ceramics to the exhibition.

Museum of Liverpool was part of Museum Futures: Digital Trainee programme which is aimed to create entry opportunities to museums for young people. This programme is part of a national partnership scheme led by British Museum and funded by NHLF.

We continue to play an active and important role in the city and wider region to deliver and contribute to the economic growth, job creation, skills development and tackling health and educational inequalities. Employees from right across the organisation's sit on external steering groups, working groups and committees including Director Laura Pye who is the Chair of the LEP, a member of the LCR Culture Steering Group and is on the executive for the National Museums Directors Council.

We encourage, instigate and contribute to new and important partnerships and collaborations across all sectors, participate in working groups and task forces to deliver innovation and at each and every opportunity promote Liverpool as an exciting, creative, diverse and welcoming city to live in, work and play.

### **Exhibitions**

The following exhibitions were held during the year:

#### **Walker Art Gallery, As Seen on Screen: Artists and Cinema [31 May to 18 August 2019]**

The exhibition explored the relationship between art and cinema, delving into the fascinating question of what inspires artists. Featuring work by artists including Fiona Banner, Anthea Hamilton, Hardeep Pandhal and Sam Taylor-Johnson, the exhibition considered the influence of cinema on art across more than 20 artworks. The works represented a broad range of media, including screen-prints, photography and film.

#### **Walker Art Gallery, Charles Rennie Mackintosh: Making the Glasgow Style [15 March to 26 August 2019]**

This hugely popular exhibition spanned the lifetime of Charles Rennie Mackintosh (1868–1928) and his contemporaries between 1890 and 1920, exploring the movement that became

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known as The Glasgow Style; Glasgow being the birthplace of the only Art Nouveau 'movement' in the UK, with its style and popularity of design spreading all over the world. The exhibition featured objects from Glasgow Museums and the Mitchell Library and Archives, as well as loans from private and public collections. More than 250 objects were displayed across the full spectrum of media, including stained glass, ceramics, mosaic, metalwork, furniture, stenciling, embroidery, graphics, books, interiors and architecture.

#### **World Museum, Astronomy Photographer of the Year [3 May to 1 September 2019]**

Coinciding with the 50<sup>th</sup> anniversary of the moon landing, this special exhibition celebrated the very best in astrophotography from around the world, showcasing 100 images from the 2018 competition shortlist including entries from enthusiastic amateurs and professional photographers from 91 countries. Images featured in the exhibition included a mesmerising mosaic of the Great Orion and the Running Man Nebula as well as a magical scene of an Aurora Borealis exploding over the south coast of Iceland. This was a touring exhibition from the Greenwich Royal Observatory, London

#### **Lady Lever Art Gallery, Rembrandt in Print [1 June to 15 September 2019]**

Organised by the Ashmolean Museum, which holds a world class collection of over 200 prints made by Rembrandt Harmensz van Rijn (1606-1669), this popular exhibition presented Rembrandt as an unrivalled storyteller through a selection of 50 outstanding prints, dating from 1630 to the late 1650s. Widely hailed as the greatest painter of the Dutch Golden Age, Rembrandt was also one of the most innovative and experimental printmakers of the seventeenth century, and the works displayed at the Lady Lever covered a variety of subjects including intense self-portraits, atmospheric landscapes, intimate family portraits, biblical stories and confronting nude studies.

#### **Museum of Liverpool, Double Fantasy: John & Yoko [18 May 2018 to 3 November 2019]**

Extended for a period of 6 months because of its popularity, this exhibition, developed in collaboration with Yoko Ono, explored the personal and creative lives of John Lennon and Yoko Ono and their ongoing campaign for peace. Featuring personal objects alongside art, music and film produced by both John and Yoko, the exhibition was drawn from Yoko's private collection, some of which had never been displayed before. Through film, interviews, quotes and lyrics, the story of their personal and creative relationship along with their political activism and peace campaigning, was told in their own words for the very first time. From the intimate to the iconic, the exhibition brought together unique objects and artworks, including handwritten lyrics, childhood drawings, conceptual artworks, costume and personal items.

#### **Age of Reason, Instituto Nacional de Antropología e Historia (INAH), Mexico [until December 2019]**

A major loan exhibition of Greek and Roman sculpture as well as Victorian paintings, sculpture and decorative art was shown at the Instituto Nacional de Antropología e Historia (INAH) in Mexico during 2019. The exhibition was part of a reciprocal agreement for the Mayas exhibition, staged in Liverpool in 2015. INAH covered the cost of preparing and transporting the collections and all other costs associated with the exhibition but there was no hire fee.

#### **Walker Art Gallery, An English Lady's Wardrobe [25 October 2019 to 1 March 2020]**

At more than 700 items, the wardrobe of Emily Tinne (1887-1966) is the largest collection of clothes formerly belonging to one person in a UK museum. Emily bought clothes on a huge scale from Liverpool retailers between 1910, when she married, and 1939, the outbreak of the Second World War when she was forced to stop shopping. This exhibition, the largest and most comprehensive so far from the collection of Mrs Tinne, featured more than 160 garments and accessories representing the best examples of day wear, evening wear,

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outdoor wear, underwear, swimwear, shoes, hats, accessories and jewellery from the period between the two World Wars.

### **Lady Lever Art Gallery, Matisse: Drawing with Scissors [25 October 2019 to 15 March 2020]**

Launched during Wirral's Borough of Culture Year, this exhibition celebrated one of the 20<sup>th</sup> century's most influential artists, Henri Matisse (1869 - 1954). Celebrated for their extraordinary richness and luminosity of colour, the exhibition featured 35 'cut out' prints produced during the last four years of the artist's life when he was confined to bed. The lithographic reproductions in the exhibition were taken from a special double issue of *Verve*. This was a review of art and literature published by Matisse's friend, the critic and fine art publisher *Tériade*, in 1958, four years after Matisse's death. The publication was planned during Matisse's lifetime and the first lithographic plates were prepared under his direction a few days before he died. This was a Hayward Gallery touring exhibition from the Southbank Centre, London

### **Sudley House, Whistler and Pennell: etching the city [5 July 2019 to 22 March 2020]**

This exhibition drawn from NML's own collections, captured the changing landscape of New York and London in the final years of the industrial revolution. Featuring 38 prints from two of the most influential and innovative American artists of their day, James McNeill Whistler (1834-1903) and Joseph Pennell (1857-1926), the exhibition highlighted an important period in the history of etching known as the 'Etching Revival'. It explored how both artists championed a declining art medium and illustrated their motivation to create a definitive technique and style.

### **World Museum, Drawing on Nature: Taki Katei's Japan [4 October 2019 to 17 March 2020]**

The first ever exhibition of Taki Katei's work outside Japan shown during the UK/Japan Year of Culture, showcased National Museums Liverpool's rare archive of more than 300 exquisite drawings which the artist used for teaching, for preparation of some of his major commissions, and as an aide-mémoire. A favourite of the Emperor of Japan, Taki Katei (1830 – 1901) was once the highest-paid artist in Tokyo, and his works travelled to international exhibitions around the world. This exhibition explained how this astonishing collection of ink drawings and watercolours travelled thousands of miles from an artist's studio in Tokyo to a museum in Liverpool. The exhibition was originally scheduled to run until 13 April 2020 but closed early because of COVID-19 lock down.

### **Walker Art Gallery, The view from the top of a pyramid by Jacqui Hallum [12 October 2019 to 26 April 2020]**

In celebration of the Prize's 60th anniversary, Jacqui Hallum, winner of the John Moores Painting Prize 2018, was given the opportunity to showcase her most recent work at the Walker Art Gallery. Based in Totnes, Devon, Hallum attended Coventry School of Art and Design and the Slade. She is interested in the possibilities of the painted object. Her works are subject to change and decay and her imagery is sourced from medieval woodcuts, leaded glass windows, Art Nouveau children's book illustrations, tarot cards, Berber carpets and still life flower studies. Temporarily closed because of lockdown linked to COVID-19

### **Museum of Liverpool, Blitzed: Liverpool Lives [14 June 2019 continues]**

Liverpool suffered the second highest number of civilian deaths in air raids during the Second World War. Displaying photographs taken by Liverpool City Police from 1940 – 1941, this photography exhibition reveals the devastation the Blitz brought to the lives and city of Liverpool. Through personal accounts, it brings to life the impact of the war through the eyes of those directly affected by the bombings.

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#### **Liverpool on Wheels: from horses to horsepower [14 February to 1 November 2020]**

Liverpool's proud transport history is revealed through a fabulous array of vehicles built in and around the City. From bicycles to horse drawn carriages, the exhibition features some of the larger objects in National Museums Liverpool's collection. Exploring the city's remarkable history of transport innovation and manufacturing, which still continues today, this is a unique view of Liverpool's social history. Temporarily closed because of lockdown linked to COVID-19.

#### **Awards & Recognition**

2019/20 has been a particularly strong year achieving recognition for outstanding contributions, experiences and services right across our organisation.

##### Ticketing Business Awards

- Winner: Impact Award

##### CIM Excellence Awards

- Shortlisted: Terracotta Warriors exhibition (Best Customer Service Strategy)

##### LABC NW Building Excellence Awards

- Shortlisted: National Museums Liverpool (Best Public Service Building)

##### Cost Sector Catering Awards

- Shortlisted: James Behan, Hosted by NML (Event/Stadia/Arena)

##### Museums & Heritage Awards

- Highly Commended: China's First Emperor & the Terracotta Warriors
- Highly Commended: Liverpool Women's History Group (Volunteer Team of the Year)
- Highly Commended: Carl Clee (Volunteer Individual of the Year)
- Shortlisted: China's First Emperor and the Terracotta Warriors Exhibition (Innovation Award)
- Shortlisted: China's First Emperor and the Terracotta Warriors Shop (Greater turnover than £500k)
- Shortlisted: Happy Older People (Project on a Limited Budget)

##### LCR Tourism Awards

- Winners: China's First Emperor and the Terracotta Warriors (Tourism experience & Large Tourism Event)
- Shortlisted: World Museum Café (Café of the Year)
- Shortlisted: Hosted by NML (Excellence in Business Tourism)

##### 2018 Top 10 Exhibitions in China (Chinese Museums Association)

- Winner: China's First Emperor and the Terracotta Warriors
- 

##### Echo Regional Business Awards

- Shortlisted: Katie Roberts, Hosted by NML (Young Businessperson of the Year)

##### LCR Pride Foundation Awards

- Shortlisted: National Museums Liverpool (LGBT+ Friendly Business)

##### Prestige Events: COOLest Venue Awards

- Winner: International Slavery Museum (COOLest Venue in the North/Scotland)

##### Kids in Museums

- Winner: Museum of Liverpool (Large Museum)

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- Shortlisted: World Museum

### LCR Culture & Creativity Awards 2019

- Shortlisted: HoM: Impact Award (Health & Wellbeing)
- Shortlisted: Geri Agosto residency at ISM with Grandby Gardens & Browne University (Impact Award / International Reach),
- Shortlisted: Fiona Philpott for Terracotta Warriors Exhibition (People's Choice)

### Cultural Enterprises Awards

- Winner: Karen O'Connor (Outstanding Contribution to Cultural Enterprises)

### Accredited Archive Status

- Gold Standard: Merseyside Maritime Archives

## **Plans for Future**

As the Director indicated in her Statement, as we conclude this report on 2019/20 we are living and working through unprecedented times. Whilst the extent to which COVID-19 will impact on our audiences and income is unknown, we are working hard to ensure we can continue deliver our unrivalled public offer and our new ambitious strategic plan.

Our strategic objectives remain, and we will continue to develop, enhance and amplify our service to ensure NML is healthy and fit for the future with a particular focus on financial sustainability due to the uncertain economic outlook for the UK. At the same time, we want to remain ambitious and innovative ensuring we deliver social and economic value to our region and beyond. Our key projects:

- Continue to strengthen and improve our core operations and infrastructure to drive efficiency and productivity.
- Develop and realise our Waterfront Masterplan, with the International Slavery Museum at the heart of the ambition, to unlock opportunities to improve our storytelling, increase audience engagement and drive commercial opportunities.
- Publicise and build upon the House of Memories model to explore wider engagement and ensure that we maintain its high profile with the public, health providers, carers, stakeholders and funders.
- Redevelop and reinstate the ever-popular Wondrous Place exhibition in Museum of Liverpool and invest in research and development for new exhibitions and digital experiences including Greeks and Romans, Bees, Climate Change and Night at the Museum digital immersive.
- Deliver a capital works programme of significant repairs at Walker Art Gallery and Lady Lever Art Gallery. We'll also develop individual venue plans to map out improvements and changes over the next decade.
- Develop a long-term storage strategy for MMM/ISM archives, using a review of collections to optimise those with the greatest public use, identifying items suited for long term deep storage, and transferring relevant collections to off-site deep storage facility.

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- Expand our fundraising efforts to secure corporate and private sector support, and implement a fundraising strategy, aligned closely to the capital programme, House of Memories, exhibitions programme and other strategic priorities.
- Continue to augment and evolve our high-quality offer for young people and families, schools and adults.
- Raise NML's profile with local and regional politicians, public sector providers, businesses and strategic agencies by demonstrating our impact and value to the region.

#### **Fundraising Approach**

Fundraising is led by the Leadership Team, Senior Management and the Development Team, supported by NML Trustees. The Development Team supports the fundraising function across the organisation and raises income from the public sector, trusts and foundations, companies and individuals (including major donors, public appeals, donation boxes, legacies and NML's Patrons' and Membership Schemes).

NML follows the Fundraising Regulator's Code of Fundraising Practice and all current UK and EU data protection law. We do not make unreasonably persistent approaches for donations or apply undue pressure to give to the organisation. We record contact we have had with individuals so that we can assess this before making further contact, thereby ensuring there is no intrusion on a person's privacy. If we have perceived that a person may be vulnerable we do not approach them for any fundraising activities. We use a sensitive and common sense approach to fundraising, treating our donors fairly and making sure they can make informed decisions about donations. There was no failure to comply with the Fundraising Regulator's Code of Fundraising Practice in 2019/20. In addition, neither NML, nor anyone acting on our behalf, has received any complaints regarding fundraising.

## **Financial Review**

### **Overview**

NML receives the majority of its revenue and capital funding from DCMS, in the form of Grant-in-Aid (GiA). In 2019/20 NML received revenue GiA funding of £18.9m (2018/19: £18.3m) in addition to capital GiA of £3.5m (2018/19: £1.5m). This year £1.5m of the capital GiA supported a grant for a capital purpose which is accounted for as a revenue expense in the statement below.

In the SoFA, funds decreased by £14.3m (2018/19: increase £1.0m). Net expenditure, before revaluation of tangible fixed assets for the year, showed a loss of £5.6m (2018/19; loss £1.1m). The revaluation of land and buildings as at 31 March 2020 produced an unrealised loss of £8.8m (2018/19: gain £2.2m).

The consolidated revenue free funds are shown below. The loss for the year was £1.1m (2018/19: surplus £3.3m) resulting in a total revenue free fund balance of £7.6m as at 31 March 2020 (2018/19: £8.7m).



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	2019/20	2018/19
	£000	Restated £000
Income and endowments		
Grant in aid DCMS	20,391	18,266
Donations and legacies	514	475
Charitable activities	1,091	5,831
Other trading activities	4,026	6,406
Investment income	87	68
Total	<u>26,109</u>	<u>31,046</u>
Expenditure		
Raising funds	603	678
Operating expenditure (excl depreciation)	22,361	22,033
Other trading activities	4,157	5,088
Total	<u>27,121</u>	<u>27,799</u>
Net gains/ (losses) on investments	6	89
Net (expenditure)/income	(1,006)	3,336
Transfers between funds	(91)	(67)
Net movement in funds	(1,097)	3,269
Fund balances brought forward at 1 April	8,656	5,387
Balances carried forward at 31 March	7,559	8,656

**Reserves Policy**

The consolidated free income revenue reserve available at 31 March 2020 was £7.6m (2018/19: £8.7m). This includes £0.2m (2018/19: £0.1m) which is held by the subsidiary trading company. The resulting NML free income revenue reserve is £7.4m (2018/19: £8.6m).

As part of the annual planning and budget setting process the Trustees review and approve the level of free reserves appropriate to the scale, complexity, and risk profile of NML.

NML has a degree of inherent funding uncertainty as 24% (2018/19 42%) of our income is from a range of income streams which are less predictable and more volatile than GiA. There are also financial risks associated with capital projects and unforeseen liabilities.

In addition to the loss of the income, any reduction in GiA funding would increase our exposure to this volatility. Therefore, any potential for future reductions is a significant risk. In addition, in the forthcoming year the UK Government intends to undertake a Spending Review, which increases the risk of a reduction in GiA.

Adequate free reserves need to be held to ensure NML can manage these uncertainties. The Trustees therefore are committed to holding free reserves of between one and three months equivalent Grant-in-Aid (£1.6-£4.7m). Free reserves in excess of £4.7m are available to support the implementation of the Strategic Plan.

**Capital Programme**

Our main projects this year have been at the Maritime Museum where an upgrade to the Sea Galleries is underway and improvements have been made to lifts. A major repair to the Walker Art Gallery roof is being undertaken alongside significant investment in the Midland Railway Building. In addition, projects investing in the World Cultures Gallery and Aquarium at World

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2020**

Museum are underway. More significantly for future years, major projects have been initiated to develop a new strategy for the whole Estate and invest in the International Slavery Museum. These are still at an early stage and future progress is contingent upon securing the funds for what would be a major investment.

The remainder of the capital programme was focussed on smaller projects the majority of which were critical upgrades and refurbishments.

In compliance with the Charities SORP (FRS102), NML appointed Deloitte LLP to carry out a desktop “red book” valuation of its land and buildings, as at 31 March 2020. This led to the revaluation of land and building assets shown in the accounts.

#### **Trading Subsidiary**

NML wholly owns a subsidiary trading company, NML Trading Limited (NMLT), which provides a range of catering, retail, conferencing and general commercial services. The company accounts are consolidated within the Statement of Financial Activities and Balance Sheet of NML, adjusted for group transactions. A summary of the results and net assets of NMLT is shown at note 9.

In 2019/20 NMLT made an operating profit of £0.2m (2018/19: £1.6m), all but £10k of which in 2019/20 will be retained within the company. 2018/19 profits were donated to NML.

#### **Border Force National Museum**

In addition to the Grant-in-Aid received from DCMS, NML also receives Grant-in-Aid support from Border Force. This arrangement is specifically related to the conservation, study and display of the national collection of HMRC and Border Force. A summary of the Border Force transactions is shown at note 16.

#### **Prompt Payment of Creditors**

NML is aware of the importance of paying suppliers promptly and takes every step to ensure that payments to creditors are made as quickly as possible. In 2019/20 79% (2018/19 76%) of NML’s creditors were paid within 30 days of receipt of the invoice. NML is committed to the full implementation of the Better Payment Practice Code. There were no liabilities incurred of statutory interest under the Late Payments of Commercial Debts (Interest) Act 1998 during the year.

#### **Principal Risks and Uncertainties**

On the 17 March 2020 we closed all of our museums and galleries to the public in response to the threat to public safety arising from the COVID-19 pandemic. This had an immediate and serious impact upon our ability to generate income. In July we started reopening our venues to the public. Although visitors have returned, these are in much reduced numbers and therefore our ability to generate income continues to be compromised.

Our principal funder DCMS has provided, subject to continued demonstration of need, additional grant support of up to £1.9m in 2020/21 which ensures that we remain a going concern and are able to reopen even if the costs of reopening exceed the income gained. Nevertheless, the financial impact of the pandemic has been severe and we continue to develop our management response to contain that impact.

In 2019/20, 76% of the NML Group gross income derived from Grant-in-Aid from DCMS (2018/19: 58%). The remaining operating expenditure was financed from self-generated income which tends to be more volatile in nature compared to Grant-in-Aid. NML is therefore exposed to some liquidity risk.

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Any new on-going capital programme is dependent upon the successful generation of grants and donations and the receipt of these funds.

DCMS commissioned a survey of the NML estate which was undertaken by Faithful and Gould in 2015/16 and updated in 2016/17. This identified a £24m backlog of repairs that are required to address both the legacy of past under-investment and also low quality repairs that were undertaken in the 1980s and 1990s and which still continue to have an impact; as well as the normal wear and tear on service infrastructures and building fabrics. We are now developing an Estates Strategy which aims to rationalise our holdings and use of the whole estate, which if it secures significant funding from the UK Government will in part address this past under-investment. During 2019/20 £2m additional capital funding was provided by DCMS to begin addressing this backlog. In the absence of the full sum being available to address these issues a risk-based approach will continue to be undertaken to help prioritise the works programme in any one year to maintain operations across all sites and venues, and meet statutory obligations to ensure public safety and security of the collections.

The disclosure on derivatives and other financial instruments is contained in note 8.

Other than the valuation of land & buildings at 31 March 2020, there are no material uncertainties within the annual report and accounts. The valuation of land & buildings was uncertain to a significant extent at 31 March 2020 due to the unusual market situation at that point in time created by the Covid-19 pandemic.

#### **Donations made**

No charitable donations or political donations were paid.

#### **Investments**

Investments listed on a recognised stock exchange are re-valued at year-end mid-market price, excluding any applicable accrued interest. The investment manager provides quarterly reports which include a statement confirming adherence to the investment policy statement or details of exceptions. The report also includes a comparison of the portfolio return in relation to the benchmark.

The Trustees manage the investment portfolio through the Finance & Resources Committee. They consider the level of risk of the portfolio, the social and ethical policy for investments, the portfolio performance and the balance of investments in the light of liquidity requirements. Annually the investment manager, Rathbones, present a report to the committee demonstrating the performance of the investments against the market, recommendations for review and market conditions.

#### **Audit**

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2019/20. The audit fee in respect of this work was £78k (2018/19 £59k). BW Macfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £8k plus £9k for the production of the financial statements (2018/19: £7k and £5k respectively). This production of the financial statements was the only non-audit service provided by either of these auditors.

## **Sustainability Report**

### **Introduction**

Our focus in 2019/20 was centred upon tackling some significant H&S issues that emerged in April 2019. These are now resolved and we are now able to plan projects across the estate that will reduce the energy consumption and improve the fitness for purpose of the

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buildings. Surveys of our buildings and equipment have already been carried out to this end and we will prioritise energy saving works in 2020/21 such as large scale replacement of light fittings.

We are currently working on major upgrades to two of our most energy demanding buildings – the Walker Art Gallery, which contains the majority of our collection of paintings, including the fragile renaissance painting, and the Midland Railway Building (MRB), which contains our conservation studios. We will be replacing obsolete environmental control systems with energy efficient equipment and a new Building Management System at the MRB. We expect a significant drop in energy consumption for those buildings in coming years.

NML has a proactive Ethics Group and environmental considerations are covered within guidance from that group; the guidance refers to the fact that in August 2019 NML declared a climate emergency and recognised the important role the organisation must play in 'being the change'; with an emerging green forum NML is committed to interrogating all areas of activity and producing a plan to outline a strategy for reduction of its carbon footprint.

#### **Energy consumption and CO2 emissions**

Overall energy consumption is slightly down across the estate compared to last year. Last year showed an increase because of the effect of the Terracotta Warriors exhibition in the World Museum and the John Lennon and Yoko Ono 'Double Fantasy' exhibition in the Museum of Liverpool.

This year the two passenger lifts in the Maritime Museum were replaced with new hydraulic lifts. This meant that only one lift was operating for the 4 months of the construction and that the overall energy consumption in the building was lower as the new equipment was more efficient. Plate heat exchangers were installed at the World Museum, which has improved energy efficiency for the building in relation to hot water use.

Official domestic business travel has increased since the previous year due to the business activities being undertaken by museum staff. NML's travel guidelines promote conscientious choices when travelling so if it is possible walk to a meeting or use a fuel efficient means of transport then staff are required to do this.

Consumption data and related energy costs have been quantified by the energy service management team which assists NML's estates department in this area and have been broken down where possible using available grid data from suppliers and/or for water resources an estimation technique to distribute between office and non-office. The water consumption reported is significantly higher than prior years and we are investigating potential reasons with the resource management bureau.

#### **Waste minimisation and management**

NML has continued in contract with Veolia for its main waste management services during 2019/20. Veolia are committed to zero waste to landfill. For chemical waste services Avanti Environmental have been used: once again NML has chosen a responsible contractor which promotes recycling and repurposing of materials where appropriate. NML actively segregates waste at a venue based level into general waste and recyclable waste. Once waste is removed from the buildings, the waste service provider further segregates the waste in order to divert as much of it as possible from landfill. NML continues to align with TEEP legislation which states that individual waste stream collections should be provided if it is 'Technically, Environmentally, Economically, and Practically' beneficial.

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**Energy and water consumption**

Area		2016/17	2017/18	2018/19	2019/20
<b>Greenhouse Gas Emissions</b> (t CO <sub>2</sub> e)	Scope 1 – Gas	2,364	2,246	2,924	3,178
	Scope 2 – Electric	4,332	3,832	3,979	2,576
	Scope 3 - Travel		12	39	40
<b>Estate energy</b>	Electricity consumption kWh	9,745,249	10,053,210	10,476,410	10,175,572
	Expenditure	£975,641	£1,031,773	£1,206,036	£1,309,553
	Gas consumption kWh	16,885,980	17,285,109	15,895,448	14,285,972
	Expenditure	£361,218	£360,446	£364,199	£356,641
<b>Estate Waste</b>	Total Amount –tonnes	221.0	193.4	175.3	155.2
	Total Expenditure	£ 46,988	£ 45,268	£48,153	£39,556
	ICT Waste (at zero cost) – tonnes )	0.5	0.0	0.0	0.0
	Waste incinerated with energy recovery - tonnes	93.8	107.1	100.8	122.9
	Waste to Landfill – tonnes	0.5	0.0	0.0	0.0
	Waste Recycled – tonnes	126.2	86.3	74.5	32.3
<b>Estate Water</b>	Consumption	34,682 m <sup>3</sup>	23,056 m <sup>3</sup>	24,179 m <sup>3</sup>	19,567 m <sup>3</sup>
	Expenditure	£60,010	£40,744	£125,734	£103,857

**Sustainable procurement and construction**

NML purchases all of its utilities through frameworks set up by the Crown Commercial Services (CCS). This means that we benefit from the bulk purchasing power of amalgamated public sector organisations which allows the CCS to negotiate the lowest cost for supplies. The CCS service also integrates energy from sustainable resources into its electrical supplies so that NML is able to access energy produced from low and zero carbon supplies.

Our in-house Production Team that constructs most of NML's exhibitions, procures materials sourced from local wholesalers. All timber products are Forest Stewardship Council certified, paints are low in Volatile Organic Compounds, and electrical goods, including lamps, are of the lower energy category.

## Remuneration and Staff Report

NML has prepared this Remuneration Report in accordance with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration where "director" is interpreted to mean those having authority or responsibility for directing, or controlling, the major activities of NML as a whole. In NML's opinion it is the Trustees and the Directorships described below, who are responsible for directing and controlling the major activities of NML as a whole.

The Directorships during the year were:

- Director and Accounting Officer;
- Executive Director of Art Galleries and Collections Care;
- Executive Director of Audiences & Media;
- Executive Director of Business Resources;
- Executive Director of Enterprise & Visitor Engagement<sup>4</sup>; and
- Executive Director of Museums & Participation.

	Salary Including Performance pay 2019/20 <sup>1</sup> £'000	Salary Including Performance pay 2018/19 £'000	Pension Benefits <sup>2</sup> 2019/20 £'000	Pension Benefits <sup>2</sup> 2018/19 £'000	Total 2019/20 £'000	Total 2018/19 £'000
Laura Pye Director	105-110	70-75 (105-110) <sup>3</sup>	40-45	25-30	150-155	100-105
Sandra Penketh Executive Director of Galleries and Collections Care	60-65	25-30 (60-65) <sup>3</sup>	70-75	35-40	135-40	60-65
David Watson, Executive Director of Audiences & Media	50-55 (70-75) <sup>3</sup>	-	20-25	-	70-75	-
Louise Parnell, Executive Director of Business Resources	70-75 (75-80) <sup>3</sup>	80-85	30-35	30-35	100-105	115-120
Anthony Park, Interim Executive Director of Business Resources	5-10 (75-80) <sup>3</sup>	-	0-5	-	5-10	-
Janet Dugdale, Executive Director of Museums & Participation	60-65	25-30 (60-65) <sup>3</sup>	50-55	20-25	115-120	45-50

### Notes

<sup>1</sup> No bonus was paid in 2019/20.

<sup>2</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.

<sup>3</sup> Represents annualised salary as not employed for a full year.

<sup>4</sup> The Director of Enterprise & Visitor Engagement is employed and paid by NMLT.

The membership of the Remuneration Committee for the year ending 31 March 2020 comprised:

- Chair of Audit & Risk Committee,
- Chair of Board of Trustees,
- Chair of Finance & Resources Committee.

During the year, the role of the Remuneration Committee is to:

- determine the pay and conditions of the Director;

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- review the performance of the Leadership Team;
- provide, through a panel selected by the chairman; an appellant recourse in disciplinary and grievance cases concerning senior staff for whom the Director is the reporting officer; and
- ensure accountability and transparency about NML's general remuneration policy.

All staff, other than the Director, are recruited to pay-bands graded for seniority, and approved by the Trustees within the context of the pay remits negotiated with DCMS/HM Treasury. The remuneration of senior managers, with the exception of the Director, is determined by the agreed pay remit.

In addition to the negotiated salary, the Director can benefit from a performance related annual pay award of £5000 which would be consolidated and pensionable if awarded.

The performance of the Director is assessed annually by the Trustees to determine the pay award. The reporting period for this performance review is 1 April to 31 March. In line with NML's pay year, any payments are effective from 1 April 2020. The Director was appointed on 13 August 2018 and any pay increase, if supported following assessment will be awarded from 1 April 2020.

The Chair and Board of Trustees neither received nor waived any remuneration or other benefits for their services during the year (2018/19: nil). The emoluments of the NML Directorships are shown in the table below, which has been audited. There were no benefits in kind received by the Directors. Further details on staff costs can be found in Note 5 of the financial statements.

There are a series of management teams which meet to consider a range of issues. These teams are the:

- Leadership Team;
- Extended Leadership Team; and
- Senior Management Group.

The Leadership Team consists of the Directorships including the Director of Commercial and Business Development employed by NMLT. The annual appraisals of the Leadership Team are countersigned by the Remuneration Committee.

Extended Leadership Team is made up of the Leadership Team and a small number of Senior Management Group. They review performance against key measures, approve investment in developments and ensure NML is aligning action and priorities to our strategic plan.

The Senior Management Group consists of the Extended Leadership Team plus a number of Venue and Operational Directors and their deputies. This team ensures plans and performance are translated and delivered through the wider organisation.

### **Salary**

'Salary' includes gross salary; performance pay or bonuses; 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.

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. These figures are audited.

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	<u>2019/20</u>	<u>2018/19</u>
Mid-point of Band of Highest Paid Director's		
Total Remuneration	£107,500	£107,500
Median Total Remuneration	£ 20,746	£ 20,084
Remuneration Ratio	5.18	5.35

In 2019/20, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,942 to £107,500 (2018/19, £17,363 - £107,500).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind (of which there are none). It does not include employer pension contributions, and the cash equivalent transfer value of pensions.

**Pension**

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 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.

The following pension benefits information and table has been subject to audit:

	Accrued pension at normal retirement age as at 31/03/20 and related lump sum £'000	Real increase in pension and related lump sum at normal retirement age £'000	CETV at 31/03/20 £'000	CETV <sup>1</sup> at 31/03/19 £'000	Real Increase in CETV £'000
Laura Pye Director	0-5	2.5-5.0	37	14	15
Sandra Penketh, Executive Director of Art Galleries and Collections Care	25-30 plus a lump sum of 55-60	2.5-5.0 plus a lump sum of 5.0-7.5	477	398	57
David Watson, Executive Director of Audiences & Media	0-5.0	0-2.5	10	-	6
Louise Parnell, Executive Director of Business Resources	5-10	0-2.5	117	91	16
Anthony Park, Interim Executive Director of Business Resources	0-5.0	0-2.5	1	-	1
Janet Dugdale, Executive Director of Museums & Participation	25-30 plus a lump sum of 55-60	2.5-5.0 plus a lump sum of 2.5-5.0	504	442	39



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*Note: 'The CETV figure may be different from the closing figure in last year's account. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.*

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of **classic**, **premium**, **classic plus**, **nuvos** and **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 before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is 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.

For 2019/20, employers' contributions of £2,634k were payable to the PCSPS (2018/19: £2,037k) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (the rates in 2018/19 were between 20.0% and 24.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. In 2013/14 the salary bands were revised and the rates remained as above. The contribution rates are set to meet the cost of the benefits accruing during 2019/20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. The employer makes a basic contribution of between 12% and 17.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers, for 2019/20 employers' contributions of £14k were paid. The employee does not have to contribute, but where they do make contributions, employee contributions are age-related and range from 3% to 6% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay (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).

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

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 highest of 65 or State Pension Age for members of **alpha**. The pension figures quoted show pension earned in PCSPS or **alpha** – as appropriate. Where the employee has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.

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

There were no early retirement on ill-health grounds during the year; the total additional accrued pension liabilities in the year amounted to zero.

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The Scheme Actuary (Government Actuary's Department) last valued the scheme as at 31 March 2016. Increased employer contribution rates arising from the valuation were implemented from April 2019.

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

#### **Real increase in CETV**

The real increase in CETV reflects the increase in CETV effectively 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.

Employees received no benefits in kind during the year.

#### **Policy on Duration of contracts, notice periods, and termination periods**

Senior staff are established employees of National Museums Liverpool.

The notice periods for staff who wish to resign are:

- Up to Pay-band 7 - 4 weeks minimum; and
- Pay-band 7 and above - 3 months minimum.

Termination payments are in accordance with the Museum's contractual terms.

#### **Redundancy and other departures**

The table below represents actual exits in year and the respective cost of those exits. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full, in the year in which the departure has been formally approved, irrespective of the leave date and fully funded from existing reserves. Ill-health retirement costs are met by the pension scheme, and are not included in the table. The table has been subject to audit.

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1	Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band	
		2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
2	< £10,000	nil	nil	nil	nil	nil	nil
3	£10,000-£25,000	nil	nil	3	nil	3	nil
4	£25,000-£50,000	nil	nil	5	1	5	1
5	£50,000-£100,000	nil	nil	3	1	3	1
6	Total number of exit packages	nil	nil	11	2	11	2
7	Total resource cost / £000s	nil	nil	501	117	501	117

**Other Staffing Information**

The following staffing figures are audited. The analysis of Staff Members with annual salaries over £60,000 is as follows:-

Annual Salary Band	2019/20 Number of FTE	2018/19 Number of FTE
£60,001-£70,000	2	4
£70,001-£80,000	2	-
£80,001-£90,000	1	3
£90,001-£100,000	-	-
£100,001-£110,000	1	1
£110,001-£120,000	-	-
£120,001-£130,000	-	-

The average number of 'Full-Time Equivalent' employees analysed by directorate were:

Employee Configuration as at 31 March 2020		Employee Configuration as at 31 March 2019	
Art Galleries & Collection Care	33	Director's Office	4
Audiences & Media	51	Development Office	11
Business Resources	67	Business Resources	67
Directors Office	4	Galleries & Collection Care	24
Museums & Participation	102	Museums	58
Visitor Engagement	148	Visitor Engagement	262
NML Trading Ltd	103	NML Trading Ltd	109
	<u>508</u>		<u>535</u>

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The organisation has been substantially reconfigured in the last year, and the decrease is largely due to the employment of extra staff during the Terracotta Warriors exhibition ending in 2018/19.

The average number of “Full-Time Equivalent” employees analysed by category of staff were:

<b>Employee Configuration as at 31 March 2020</b>		<b>Employee Configuration as at 31 March 2019</b>	
Staff on permanent contract	475	Staff on permanent contract	470
Staff on fixed term contracts	<u>33</u>	Staff on fixed term contracts	<u>65</u>
Total	<u>508</u>	Total	<u>535</u>

NML does not have data available to analyse over the organisation’s “Charitable Activities” as required by the SORP. The average number of “Full-Time Equivalents” capitalised is 2.0 (0.5 in 2018/19).

A further analysis of the composition of ‘Full-Time Equivalent’ employees as at 31<sup>st</sup> March 2020 is as follows:

	<b>2019/20</b>			<b>2018/19</b>		
	<b>Female</b>	<b>Male</b>	<b>Total</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
NML Directors	3	2	5	6	1	7
Employees	301	202	503	309	219	528
Senior Civil Servants	-	-	-	-	-	-
<b>Total</b>	<b>304</b>	<b>204</b>	<b>508</b>	<b>315</b>	<b>220</b>	<b>535</b>

The Trustees neither received nor waived any remuneration or other benefits during the year. Payments to reimburse Trustees’ travel and subsistence costs associated with the attendance of meetings amounted to £4,464 (2018/19: £2,669). Two Trustees were reimbursed in 2019/20 (two in 2018/19). Travel and subsistence costs waived by Trustees were not material.

The average number of days lost per employee due to sickness, was 6.4 days (2.8 days excluding long term sickness) for 2019/20 (10.0 days (4.3 days excluding long term sickness) for 2018/19).

**Trade Union Facility Time**

Facility time is paid time off for union representatives to carry out trade union activities.

**Table 1**  
**Relevant union officials**

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
32	27.7

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**Table 2  
Percentage of time spent on facility time**

<i>Percentage of time</i>	<i>Number of employees</i>
0%	3
1-50%	29
51%-99%	-
100%	-

**Table 3  
Percentage of pay bill spent on facility time**

	<i>Amount</i>
Total cost of facility time	£12k
Total pay bill	£13,873k
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.09%

**Table 4  
Paid trade union activities**

<i>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:</i>	25.80%
<i>(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</i>	



**Laura Pye  
Director and Accounting Officer  
Date: 23 October 2020**

## KEY PERFORMANCE INDICATORS

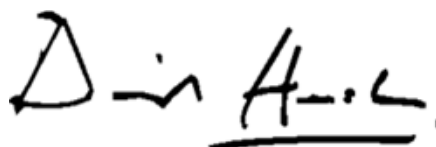
NML has stated below performance against both key and other indicators. No targets were set by DCMS for 2019/20.

**KPI** represents Key Performance Indicators. **OPI** represents Other Performance Indicators.

Performance Indicator	2019/20 Out-turn	2018/19 Out-turn
<b>Core Targets</b>		
<b>KPI (1)</b> Total number of visits	<b>3,099,157</b>	<b>3,965,453</b>
<b>KPI (2)</b> Charitable giving - fundraising including donated assets;	<b>£1,319,000</b>	<b>£1,018,000</b>
Donated Assets included above:	<b>£261,000</b>	<b>£218,000</b>
<b>OPI (1)</b> Number of unique website visits	<b>2,372,222</b>	<b>2,318,177</b>
<b>OPI (2)</b> Number of visits by children under 16	<b>622,930</b>	<b>527,405</b>
<b>OPI (3)</b> Number of overseas visits	<b>644,625</b>	<b>507,577</b>
<b>OPI (4)</b> Number of facilitated & self-directed visits to the museum/gallery by visitors under 18 in formal education	<b>119,112</b>	<b>159,094</b>
<b>OPI (5)</b> Number of instances of visitors under 18 participating in on-site organised activities	<b>155,854</b>	<b>220,528</b>
<b>OPI (6)</b> Percentage (%) of visitors who would recommend a visit	<b>97%</b>	<b>98%</b>
<b>OPI (7)</b> Admissions income (gross income)	<b>£640,000</b>	<b>£4,961,000</b>
<b>OPI (8)</b> Trading income (net income)	<b>£503,000</b>	<b>£3,259,000</b>
<b>OPI (9)</b> Number of UK loan venues	<b>114</b>	<b>153</b>



Laura Pye  
 Director and Accounting  
 Officer Date: 23 October 2020



Sir David Henshaw  
 Chairman of Trustees  
 Date: 23 October 2020

## **Statement of Trustees' and Director's responsibilities**

Under paragraph 8(2) of the Schedule to the Merseyside Museums and Galleries Order 1986 the Board of Trustees of the National Museums & Galleries on Merseyside is required to prepare a statement of account for each financial year in the form and on the basis determined by the Secretary of State for Digital, Culture, Media and Sport, with the consent of the Treasury. The account is prepared to show a true and fair view of the National Museums Liverpool's financial activities during the year and of its financial position at the end of the year.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State<sup>1</sup>, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the account on the going concern basis, unless it is inappropriate to presume that NML will continue in operation;
- confirm that so far as they are aware, there is no relevant audit information of which NML's auditors are unaware; and
- confirm that the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that NML's auditors are aware of that information.

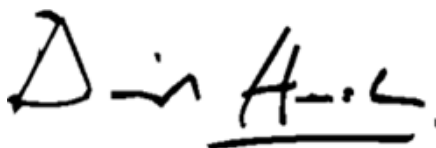
The Accounting Officer for the Department for Digital, Culture, Media and Sport has designated the Director of the National Museums Liverpool as the Accounting Officer. Their relevant responsibilities as Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which they are answerable and for the keeping of proper records, are set out by the Treasury in Managing Public Money.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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



Laura Pye  
Director and Accounting Officer  
Date: 23 October 2020



Sir David Henshaw  
Chairman of Trustees  
Date: 23 October 2020

<sup>1</sup> a copy of which is available from: The Director's Office, World Museum, William Brown Street, Liverpool, L3 8EN.

## **Governance Statement**

### **Governance Framework**

NML is governed by the Board of Trustees who are accountable for the overall direction and strategy of NML, and have due regard for the guidance published by the Charity Commission, and the Merseyside Museums and Galleries Order 1986. The Trustees monitor the risks facing NML, as identified in papers submitted to the Board and Trustee Committees during the year.

The Principal Accounting Officer of DCMS appointed Laura Pye as Director and Accounting Officer for the organisation from August 2018. The relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the safeguarding of NML's assets and for the keeping of proper records, are set out by the Treasury in Managing Public Money. The Director, who is the Accounting Officer for NML, is responsible for the day to day running of the organisation, and ensuring that a sound system of Governance, and Internal Control, are in place, and, in doing so, aims to secure continuous improvement in the way in which NML's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

The Comptroller & Auditor General (C&AG), is the statutory auditor of NML and has full rights of inspection to NML's records. The Accounting Officer of NML can be called upon to give evidence to the Public Accounts Committee, and may also be called to give evidence before any of Parliament's Select Committees.

Accountability to NML's sponsoring department, DCMS, is exercised through a framework document and management agreement issued by DCMS which lays out the regulatory and accounting framework, along with details of the delegations of responsibility, and the accountabilities of NML.

The Merseyside Museums and Galleries Order 1986 sets out the statutory framework for what NML does, and also lays out the general functions of the Board.

### **The Board of Trustees**

During the year the Trustees have approved the Strategic Plan, the Annual Report and Accounts for the previous year, and the Annual Budget.

The Board met four times during the year for formal board meetings and once for an informal board session and received reports including, but not limited to, the following:

- management overview summary of key activities and highlights, in line with strategic objectives;
- minutes of activity, and reports, from Audit, Finance, and Remuneration, Committees, and NML Trading Ltd.'s Board of Directors;
- financial performance;
- business development plans;
- items accessioned;
- loans agreed;
- performance metrics;
- risk management;
- digital strategy;
- legal and fraud registers (where applicable) and
- health and safety.



## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2020**

Although the Director is responsible for the day to day running of the organisation certain matters are reserved to Trustees for consideration and decision. The Trustees are consulted on major strategic issues, or where it is foreseeable that a decision, or action, could damage the reputation of NML, as designated within the Schedule of Matters Reserved to Trustees.

In order to carry out some of its responsibilities, the Board delegates to three committees.

The Finance & Resources Committee met four times during the year. The meetings review, as an example, issues such as the forward financial plan, performance against budget, the capital project budget, accounting policy, the Annual Report and Accounts, and the work of the IS department.

The Audit & Risk Committee met four times during the year to review the control environment. This included, amongst other items, a review of the risks of the organisation as a whole, and a deep dive into specific directorates at each meeting, the work of internal and external audit, progress against actions identified from internal and external audit recommendations, progress towards compliance with General Data Protection Regulations, and the Annual Report and Accounts, including NAO's audit planning process and Audit Completion Report. The Trustees on the Audit Committee meet with the External and Internal Auditors without the presence of management, to enable frank discussions on any issues to take place, prior to, and aside from, formal meeting proceedings.

The Remuneration Committee met four times during the year to review the performance of the Director (and to consider any performance-related pay), other members of the Leadership Team, the Chair and the Board.

The Chairman of the Board is an ex-officio member of all Committees but is not expected to attend the Audit & Risk Committee. The Chairman may attend Audit & Risk Committee meetings if he judges it appropriate. The Board and Committees consist of Trustees, and in some cases Associate Trustees to ensure that the appropriate skills are in place.

#### **Compliance with the Corporate Governance Code**

The 'Corporate governance in central government departments: Code of good practice 2017' was developed specifically to support corporate governance in ministerial departments. NML has adopted the practices set out in this code where applicable.

In line with the code of good practice, the Board supports the Director in leading NML through strategic direction, monitoring activity, achievement of objectives, and ensuring good governance is in place. The work of the Board is well supported by strong management at Committee level. Board of Trustee minutes are available on NML's website.

#### **Board and Committee Attendance**

Attendance records for the Board and Committees are set out below.

Trustees in post at year end are denoted by an asterisk. The number of meetings held in the year is shown in brackets next to the meeting name. Where Trustees are not members of the Committee, the respective column is left blank. Where Trustees have joined/left the Board, or a Committee, during the year, their attendance has been adjusted to account for the total number of meetings that they were eligible to attend.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2020**

Name	Board (4)	Audit & Risk (4)	Finance & Resources (4)	Remuneration (4)
Trustees				
Sir David Henshaw*	100%			100%
Carmel Booth	67%	100%	100%	67%
Laura Carstensen	0%			
Jim Chapman*	100%		100%	
Heather Lauder*	75%	100%		75%
Andy McCluskey*	100%			
Philip Price*	100%		100%	
Ian Rosenblatt*	0%			
Virginia Tandy*	100%			
Nicky Thorpe	100%	100%		
Sarah Dean*	100%		100%	100%
David Fleming*	100%	100%		
Max Steinberg*	75%			
Associate Trustees				
Michelle Charters*	75%			

**Control Environment**

All aspects of the control environment are covered by the Governance Framework, from the culture and values of the organisation, to the systems and processes that are in place to ensure that the activities, and business, of NML are properly controlled. This includes counter-fraud, anti-corruption and anti-bribery arrangements. It is in place to ensure that NML is able to deliver its strategic plan through agreed objectives, and that this is achieved through the consideration and delivery of cost effective, and appropriate, decision making, as is required by the “managing public money” guidance, issued by HM Treasury.

The system of internal control is a significant part of the Governance Framework and is designed to manage risk to a tolerable level. It cannot eliminate all risk of failure to achieve policies, aims, and objectives, and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based upon an on-going process designed to identify, and prioritise, the risks to the delivery of NML’s policies, aims, and objectives, being realised, and the impact should they be realised, and to manage them efficiently, effectively, and economically.

NML has in place a Whistleblowing policy and associated procedures. Although no instances of it having being used in this year have been recorded, the policy is effective as the associated procedures have been used in the past and resulted in action being taken.

Registers of Interests are kept for Trustees and the Leadership Team, and potential conflicts of interest are an agenda item at every Trustee meeting.

Each year the Internal Audit Plan for the upcoming financial year is approved by the Audit Committee. The Internal Audit Plan for the coming year will review internal controls in key areas, and identify areas for improvement.

**Quality of information presented to the Board**

A standard reporting format is used and feedback is taken into account regarding on-going changes to requirements.

Financial reporting is scrutinised by the Finance & Resources Committee prior to submission to the Board. Risk and Audit information is reviewed in detail by the Audit & Risk Committee

## **National Museums & Galleries on Merseyside**

### **Annual Report for the year ended 31 March 2020**

before reporting to the Board. The reporting of regular performance information was disrupted during the year as we entered a significant transitional period for the Strategic Plan. The new plan requires major changes in how performance information is collected and shared at all levels of the organisation, and these changes have been in progress throughout 2019/20.

The Trustees have noted this disruption and the verbal updates which have been provided through the transitional period. They are satisfied that the level and quality of information they are provided will resume and enable them to fulfil this aspect of their duties.

#### **Governance of Trading Subsidiary**

The governance and monitoring arrangements of NML's trading subsidiary, NML Trading Limited (NMLT), are reflected by representation on the Board of NMLT and the consequent ability to provide strategic direction; receipt and scrutiny of regular financial and operational reports; receipt and scrutiny of the findings of internal and external audit through submitted reports; and review of the Risk Register of NMLT.

#### **Review of the Effectiveness of Governance**

The Board believes that it is effective and is currently obtaining external assurance via a comprehensive review of the Governance Framework and a review of the effectiveness of the Board by Mazars, which completed in 2018/19 and led to a plan for further improvement. Formal appraisals of the Chair and Trustees are undertaken, with the Chair's appraisal being conducted by a Lead Non-Executive, in consultation with Trustees and the Director.

The level of assurance in the process of internal control and risk management is informed by the work of internal audit, the Leadership Team, and other senior managers within NML. In addition, assurance is also informed by External Audit, in the form of specific reports, and their management letter.

NML is working with the Information Commissioner's Office on one data protection issue which emerged in 2019/20.

#### **Internal Audit**

NML's internal audit function for 2019/20 was outsourced to Mazars who were appointed in April 2017 on a three year contract under the Government's Internal Audit Agency Framework process with an option to extend for two further years. This contract has been extended for a further year.

The Audit & Risk Committee approved the internal audit plan in February 2019 for the period to March 2020 and subsequently approved a plan to the end of March 2021. The Audit & Risk Committee are regularly informed of, and challenge, progress against the Internal Audit programme of work. This, in turn, has enabled the appropriate level of prioritisation to be given to the completion of Internal Audit reports, and the implementation of recommendations.

During the year internal audit reviews have been carried out in the following areas, according to the internal audit plan: Collections (Compliance), Staff Performance Management, IT Strategy, Collections – Environmental Conditions (Advisory) and Restricted Income. In addition, a rolling programme of venue-based reviews is carried out, which focuses on compliance.

#### **Head of Internal Audit's opinion**

On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Certain

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2020**

weaknesses and exceptions were highlighted by our audit work and one fundamental finding was raised in relation to building security. The recommendation implementation rate for the year was 51% which also requires significant improvement. These matters have been discussed with management and recommendations have been, or are in the process of being addressed, as detailed in our individual reports.

**Risk Management**

In order to evaluate and monitor the level of risk in the organisation a risk register is maintained which documents the manner in which identified risks are being managed. The risk register is regularly reviewed by the Extended Leadership Team. The Audit Committee review the risk register at each meeting, and the full register is presented to the Board for consideration and discussion on an annual basis.

The Accounting Officer is ultimately responsible for the Risk Management process, ensuring that responsibilities are discharged as follows:

- providing leadership and direction to the Risk Management process, ensuring that the Risk Management strategy is understood, and is applied consistently;
- regular review of the risk register, and the actions agreed to manage identified risk;
- ensuring that an appropriate level of review is in place to provide assurance that NML is operating an effective internal control environment; and
- ensuring that each risk is assigned to a member of the Leadership Team who is responsible for the implementation and monitoring of actions identified to manage the risk. The Leadership Team member delegates risk management to their senior managers.

During the year NML has updated its strategic risks to the organisation and managed accordingly the relevant controls in place, and detailed reviews presented to, and discussed, with the Audit Committee. In terms of risk profile, the Board consider that the organisation, with the exception of the following matter, works in a relatively stable environment where the main risks to the organisation have been identified, mitigated and managed.

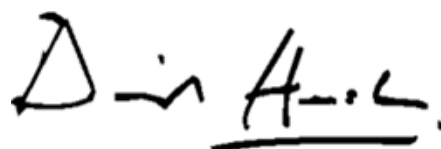
On the 17 March 2020 we closed all of our museums and galleries to the public in response to the threat to public safety arising from the COVID-19 pandemic. This had an immediate and serious impact upon our ability to generate income. In July we started reopening our venues to the public. Although visitors have returned, these are in much reduced numbers and therefore our ability to generate income continues to be compromised.

Our principal funder DCMS has provided, subject to continued demonstration of need, additional grant support of up to £1.9m in 2020/21 which ensures that we remain a going concern and are able to reopen even if the costs of reopening exceed the income gained. Nevertheless, the financial impact of the pandemic has been severe and we continue to develop our management response to contain that impact.

All other risks are considered to have been managed to tolerable levels or are subject to current improvement actions to ensure sustainable management at this level.



Laura Pye  
Director & Accounting Officer  
Date: 23 October 2020



Sir David Henshaw  
Chairman of Trustees  
Date: 23 October 2020

# **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

## **Opinion on financial statements**

I certify that I have audited the financial statements of National Museums and Galleries on Merseyside for the year ended 31 March 2020 under the Merseyside Museums and Galleries Order 1986. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of National Museums and Galleries on Merseyside's affairs as at 31 March 2020 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and Secretary of State directions issued thereunder.

## **Emphasis of Matter**

I draw attention to Note 6 to the financial statements, which describes the basis for valuing the Museum's property. Management consider that, due to the impact of COVID-19, there is a 'material valuation uncertainty' associated with this balance. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. My opinion is not modified in respect of this matter.

## **Opinion on regularity**

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

## **Basis of opinions**

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

## **Conclusions relating to going concern**

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

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

# **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

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

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

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Merseyside Museums and Galleries Order 1986.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the National Museums and Galleries on Merseyside's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the National Museums and Galleries on Merseyside'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 group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

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

### **Other Information**

The Board of Trustees and Director are responsible for the other information. The other information comprises information included in the Annual Report but does not include the Remuneration Report, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Merseyside Museums and Galleries Order 1986;
- in the light of the knowledge and understanding of the group and the of National Museums and Galleries on Merseyside] and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

### **Report**

I have no observations to make on these financial statements.

Gareth Davies  
Comptroller and Auditor General  
27 October 2020

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

**National Museums & Galleries on Merseyside**  
**Consolidated Statement of Financial Activities**  
**As at 31 March 2020**

	Notes	2019/20				2018/19 Restated			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
<b>Income and endowments</b>									
Donations, grants and legacies	2,2a,6a	22,368	1,607	-	23,975	19,253	2,086	-	21,339
Charitable activities	7a	1,091	-	-	1,091	5,831	-	-	5,831
Trading activities	9	4,026	-	-	4,026	6,406	-	-	6,406
Investments	7b	87	35	90	212	68	61	88	217
<b>Total</b>		<b>27,572</b>	<b>1,642</b>	<b>90</b>	<b>29,304</b>	<b>31,558</b>	<b>2,147</b>	<b>88</b>	<b>33,793</b>
<b>Expenditure</b>									
Raising funds		658	120	18	796	723	134	14	871
Charitable activities		24,111	5,089	-	29,200	23,226	5,550	-	28,776
Trading Activities		4,158	3	-	4,161	5,094	19	-	5,113
Governance		308	49	-	357	340	63	-	403
<b>Total</b>	4	<b>29,235</b>	<b>5,261</b>	<b>18</b>	<b>34,514</b>	<b>29,383</b>	<b>5,766</b>	<b>14</b>	<b>35,163</b>
Net gains/(losses) on investments	24	(57)	(83)	(290)	(430)	89	86	76	251
Net income/(expenditure)	3	(1,720)	(3,702)	(218)	(5,640)	2,264	(3,533)	150	(1,119)
Transfers between funds		(38)	110	(72)	-	(67)	67	-	-
Gains/(Losses) on revaluation of fixed assets	6	-	(8,742)	-	(8,742)	-	2,177	-	2,177
Net movement in funds		(1,758)	(12,334)	(290)	(14,382)	2,197	(1,289)	150	1,058
Brought forward at 1 April		23,567	250,387	2,927	276,881	21,370	251,676	2,777	275,823
Carried forward at 31 March	14	21,809	238,053	2,637	262,499	23,567	250,387	2,927	276,881

All of NML's operations relate to continuing activities. There are no recognised gains and losses other than those shown above.

A Statement of Financial Activities for the Museum is included as Note 19.

The notes on pages 49 to 73 form part of these accounts.



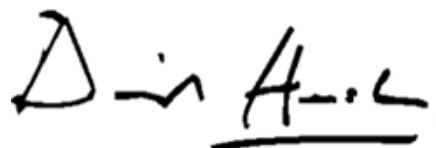
**National Museums & Galleries on Merseyside**  
**Consolidated Balance Sheet**  
**As at 31 March 2020**

	Notes	2020			2019 Restated		
		£000	£000	£000	£000	£000	£000
Fixed assets							
Tangible assets	6		225,331			238,623	
Heritage assets	6a		20,880			20,581	
Intangible assets	6		<u>94</u>	246,305		<u>17</u>	259,221
Current assets:							
Stock - goods for re-sale			277			301	
Investments	24		4,869			4,995	
Debtors	10		1,406			1,584	
Cash at bank and in hand			<u>12,669</u>	19,221		<u>14,473</u>	21,353
Creditors: amounts falling due within one year	11		<u>(2,308)</u>			<u>(3,007)</u>	
Net current assets				16,913			18,346
Total assets less current liabilities				<u>263,218</u>			<u>277,567</u>
Creditors: due after more than one year	11		(245)			(291)	
Provisions	12		<u>(474)</u>	(719)		<u>(395)</u>	(686)
Total net assets				<u>262,499</u>			<u>276,881</u>
Represented by:							
Restricted funds				238,053			250,387
Unrestricted funds				21,809			23,567
Endowment Funds				<u>2,637</u>			<u>2,927</u>
Total funds				<u>262,499</u>			<u>276,881</u>

The notes on pages 49 to 73 form part of these accounts



Laura Pye  
 Director and Accounting Officer  
 Date: 23 October 2020



Sir David Henshaw  
 Chairman of Trustees  
 Date: 23 October 2020

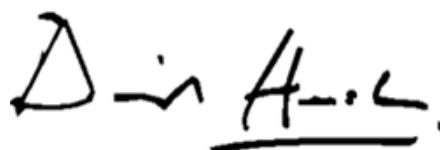
**National Museums & Galleries on Merseyside**  
**Museum Balance Sheet**  
**As at 31 March 2020**

	Notes	2020		2019 Restated		
		£000	£000	£000	£000	£000
Fixed assets						
Tangible assets	6		225,103		238,380	
Heritage assets	6a		20,880		20,581	
Intangible assets	6		94		17	
Investment in NML Trading Limited	9		<u>610</u>	246,687	<u>610</u>	259,588
Current assets:						
Investments	24	4,869			4,995	
Debtors	10	1,354			2,900	
Cash at bank and in hand		<u>11,813</u>	18,036		<u>12,772</u>	20,667
Creditors: amounts falling due within one year	11		<u>(1,749)</u>		<u>(2,766)</u>	
Net current assets				16,287		17,901
Total assets less current liabilities				262,974		277,489
Creditors: due after more than one year	11		(245)		(282)	
Provisions	12		<u>(474)</u>	(719)	<u>(395)</u>	(677)
Total net assets				<u>262,255</u>		<u>276,812</u>
Represented by:						
Restricted funds				238,053		250,387
Unrestricted funds				21,565		23,498
Endowment Funds				<u>2,637</u>		<u>2,927</u>
Total funds				262,255		276,812

The notes on pages 49 to 73 form part of these accounts



Laura Pye  
 Director and Accounting Officer  
 Date: 23 October 2020



Sir David Henshaw  
 Chairman of Trustees  
 Date: 23 October 2020

**National Museums & Galleries on Merseyside**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2020**

	Notes	2019/20		2018/19 Restated	
		£000	£000	£000	£000
Cash used in operating activities			261		3,318
Cash flows from investing activities					
Interest and dividends received	7b	212		217	
Purchase of investments	24	(652)		(417)	
Sale of investments	24	348		189	
Purchase of fixed assets	6	(1,973)	(2,065)	(1,666)	(1,677)
Increase/(decrease) in cash in year			(1,804)		1,641

The notes on pages 49 to 73 form part of these accounts

*Notes to the Consolidated Cash Flow Statement*

Reconciliation of changes in resources to net cash inflow from operating activities					
Net outgoing resources			(5,640)		(1,119)
Depreciation ( <i>less disposals</i> )	6	6,408		6,294	
Gifts	6	(261)		(218)	
Interest received	7b	(212)		(217)	
Net losses/(gains) on investments	24	430		(251)	
(Increase)/decrease in stock		24		(4)	
(Increase)/decrease in debtors	10	178		209	
(Decrease)/increase in creditors	11	(745)		(1,376)	
(Decrease)/increase in provisions	12	79	5,901	-	4,437
Net cash inflow from operating activities			261		3,318
Analysis of cash flows					
Capital expenditure and financial investment:					
Payments to acquire fixed assets	6		(1,973)		(1,666)
Returns on investments and servicing of finance	7b		212		217
Net purchases of investments	24		(304)		(228)
Management of liquid resources:					
Increase/(decrease) in cash			(1,804)		1,641
Reconciliation of net cash flow to movement in net funds					
Increase/(decrease) in cash and movement in net funds in the year			(1,804)		1,641
Net funds at 1 April			14,473		12,832
Net funds at 31 March			12,669		14,473
Analysis of net funds					
Cash			12,669		14,473

Included with cash are endowment funds which are not available for use by the charity as in accordance with the wishes of the donor they must be held as capital. The cash held at 31 March 2020 which was not available for this reason was £626k (2018/19: £825k).

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**1. Accounting policies**

**a) *Basis of accounting***

The financial statements have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with Sections 8(1) and 8(8) of the Schedule to the Merseyside Museums and Galleries Order 1986 and in accordance with:

- a) Financial Reporting Manual (FRoM);
- b) Other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c) Any other specific disclosures required by the Secretary of State; and
- d) The provisions of the Charities SORP (FRS102).

The financial statements are prepared on a going concern basis, and under the historical cost convention as modified by the revaluation of land and buildings and current asset investments. They have also been prepared in accordance with applicable accounting standards and generally accepted accounting practice in the United Kingdom. The charity is a public benefit entity.

Although Covid-19 has had a significant financial impact, there are no material uncertainties related to events or conditions that cast significant doubt on the ability of NML to continue as a going concern. NML is principally funded by UK Government grant and has received formal funding confirmation for 2020/21. Although this level of funding may alter in the future, there is no evidence that it will end.

Consolidated financial statements have been prepared for NML and its subsidiary company NMLT. In addition a separate Balance Sheet and Statement of Financial Activities (SoFA) at Note 19, has been prepared for NML alone. NML's investment in NMLT is shown at book value, less any provision for material impairment.

The income and expenditure lines of the Profit & Loss account of the subsidiary trading company are taken to the Consolidated SoFA and the NMLT P&L reserve is included within unrestricted funds. The SoFA, adjusted for intra-group transactions, and the Balance Sheets of NML and NMLT are consolidated on a line-by-line basis.

**b) *Income and Endowments***

In line with the Charities SORP (FRS102), other income is recognised in the SoFA when the following criteria are met:-

- There is entitlement to the income,
- It is probable that it will be received,
- The income and associated costs can be measured reliably.

Grant-in-Aid from DCMS is taken to the SoFA in the year in which it is received. It is recognised under the performance model underpinned by a Management Agreement and a Funding Agreement with the sponsor Department.

Capital grants with a restricted application, for example, National Heritage Lottery Fund income and European Regional Development Fund are recognised as and when the conditions for their receipt have been met.

Endowment capital is maintained intact and any change in capital value is reinvested in the capital portfolio. Income arising from investments is transferred to restricted funds in accordance with the wishes of the donor.

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

Income from charitable activities primarily includes; rental income, exhibitions, special projects and fees and charges under commercial contracts.

Incoming resources of a similar nature are grouped together in line with Charities SORP (FRS102) requirements.

**c) *Expenditure***

Resources expended of a similar nature are also grouped together in line with the Charities SORP (FRS102). The charitable activity groupings are; care of collections, estate management, visitor services, exhibitions, and education. Expenditure has been allocated on a direct basis where applicable and by apportionment for administration and other costs. The apportionment method is based upon a pro-rata relationship of indirect costs to total direct costs. Liabilities are recognised on an accruals basis.

Depreciation costs are allocated on a direct basis within the charity heads. NMLT Ltd depreciation is allocated directly to the costs of the subsidiary company.

Expenditure also includes fundraising; seeking contributions, charitable donations and grant income and, fees and charges activities. It also includes the costs of the wholly owned subsidiary trading company.

Governance costs are; external audit fees, corporate governance (including internal audit) and legal advice on governance issues.

Support costs are; management, marketing, finance, information systems and human resources. These costs are apportioned over the activities within the SOFA as per FRS102. Apportionment is calculated on the same basis as administration costs.

**d) *Heritage assets***

In accordance with accounting standards, heritage assets acquired by NML have been reported in the balance sheet since 1 April 2001 where cost or valuation information is available.

In relation to collections acquired by NML prior to the requirement to capitalise collections, given the purpose for which the collection is held NML has assessed that this information cannot be obtained at a cost that would be commensurate with the benefit to users of the financial statements. In addition to the number of assets involved, this assessment reflects that any valuation would be complicated by the quantity and nature of such assets, that they are rarely sold, they often have a value enhanced above the intrinsic through their association with a person, event or collection, that there are a very limited number of buyers, with no homogeneous population of assets on the market and there is often imperfect information about the items.

Since 2001, acquisitions are recorded at either purchase cost or at a value determined by NML's curatorial staff, based on their specialist knowledge of the area in which they are collecting and of recent auction and sale prices of similar items.

Donated assets are valued by internal experts within the museum at an estimate of fair market value. Items allocated by HM Treasury under the acceptance in lieu of inheritance tax scheme are included in the accounts at their current valuation. The threshold for capitalisation of donated items is £500.

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**e) Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of NML. Restricted funds are funds subject to specific restriction imposed by donors, by the purpose of an appeal or by their use to fund an asset which is itself restricted. Transfers between funds arise from either a direct decision of the Trustees or indirectly as a consequence of other decisions that necessarily lead to a movement between funds (e.g. a decision to proceed with a project only part funded by restricted grant or donation).

**f) Tangible and Intangible fixed assets**

Fixed assets are stated at cost or valuation. Depreciation is provided on all fixed assets, except land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	50 years
Long leasehold buildings	over the lease term up to a maximum of 50 years
Intangible assets	4 years
Furniture and fittings	4 years (museum) 8 years (subsidiary)
Permanent Galleries	10-15 years
Motor vehicles	4 years

The capitalisation threshold for all categories of depreciated fixed assets is £2,000 (subsidiary £500).

Building assets in the course of construction are stated at cost in tangible fixed assets, but are not depreciated until the asset becomes operational. The asset will then become subject to valuation, impairment review and depreciation.

Land and buildings are professionally re-valued every five years. The last full quinquennial external valuation of all NML's land and buildings was undertaken as at 31 March 2017. In the intervening years an external desktop valuation is undertaken, where the independent valuers undertake their work using a methodology which they consider most appropriate to the circumstances, including the use of any index which they deem appropriate.

The permanent galleries within the new Museum of Liverpool are subject to modified historical cost accounting.

Within the subsidiary trading company, the depreciation policy and financial threshold for asset recognition is different to that of NML and therefore there is an inconsistency within the Group. This is not material within the context of these statements.

Where NML becomes aware that the carrying value of its tangible fixed assets has suffered from impairment, the value of the asset is reduced and the impairment disclosed in the accounts.

**g) Stock**

Stock is valued at the lower of cost and net realisable value and comprises goods for resale.

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

***h) Leases***

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. NML has one significant operating lease associated with the Combined Heat and Power plant. NML continues to treat this transaction as off-balance sheet because it does not meet the definition of a service concession in that it is not explicit in the areas of control and regulation (substance over form). Also NML does not have a significant interest in the asset at the expiry date.

NML holds a number of finance leases at nil cost which are valued within fixed assets (land and buildings leaseholds) on the balance sheet. These finance leases are on a peppercorn rent basis.

***i) Pensions***

NML's staff are employed on terms, conditions and rates of pay determined by the Trustees. Staff who meet the eligibility requirements are entitled to membership of the Civil Servants and Others Pension Scheme (CSOPS) and the conditions of the Superannuation Acts, 1965 and 1972 apply.

Liability for payment of future Scheme benefits is a charge on CSOPS. The Museum contributes towards the costs of the Scheme over the period during which it benefits from employees' services by payments to the CSOPS of the amounts which they calculate as being required to meet their long-term liabilities. In respect of the defined contribution elements of the scheme, the Museum recognises the contribution payable for the year.

The full cost of the accrued liability for annual compensation payments under early retirement arrangements are recognised in the year of departure or where applicable in the year of the obligating event.

The subsidiary trading company operates a defined contribution scheme. The cost of the scheme to the company is limited to the employer's contributions payable.

***j) Taxation***

NML is an exempt charity by virtue of schedule 3 to the Charities Act 2011 and therefore is not registered with the Charity Commission.

NML's primary purpose activity is exempt from Corporation Tax under the Income Tax Act 2007. The profits of the trading company are usually passed annually to the charity in such a way that any tax liability is mitigated in line with HMRC guidance.

By virtue of section 33A of the Value Added Tax Act 1994 NML receives refunds of VAT incurred on the purchase of goods and services, or on the acquisition or importation of goods used in connection with the free right of admission to the public. Ordinarily this VAT cannot be recovered because it is attributable to the non-business activity of free admission.

***k) Provisions***

Where a constructive obligation exists at 31 March a provision is made for voluntary severance in line with the accounting standard FRS102. The estimates are quantified by MyCSP.

Other provisions are made when constructive obligations as a result of past events, existing at 31 March, are identified. The value of untaken employee leave at 31 March

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

has been estimated and accounted for as a provision as the value and timing of any payment that may arise associated with such leave is unknown.

***l) Investments***

The investment manager (Rathbone Investment Management) is required to avoid exposure to investments, which, are deemed to be unsuitable in the context of the trustees' objectives, when considering the portfolio as a whole.

Investment income from securities includes dividends and distributions declared as payable during the year and are treated as restricted funds.

Investments listed on a recognised stock exchange are re-valued at year-end market value price, excluding any applicable accrued interest. Unrealised and realised gains and/or losses are recognised in the Statement of Financial Activities.

The Museum investment in NMLT is shown at book value, less any provision for material impairment.

***m) Cash and Cash Equivalents***

Cash and Cash Equivalents include cash in hand and deposits held at commercial banks.

***n) Long-term Creditors***

The Museum received a payment from the operator of the Combined Heat and Power scheme in relation to the Museum of Liverpool, prior to the operation of this equipment, as a contribution towards the Museum's necessary start-up costs. The amount received has been accrued for and will be released to the Statement of Financial Activities over the duration of the contract; 17 years. The first year was 2010/11.

***o) Significant Judgements and Estimates***

The preparation of the financial statements may require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

Land and Buildings represents a significant proportion of the asset base and therefore estimates and assumptions made to determine their carrying value and depreciation are critical to the financial statements. Full revaluation of land and buildings are undertaken every five years and an independent professional desktop exercise is undertaken in the intervening years, with the valuers using whatever methodology including indices which they deem appropriate to the circumstances. Carrying values are shown in note 6 to the financial statements.

**2. Donations, grants and legacies**

Unrestricted Grant-in-Aid is received from DCMS and is our principal source of funds. This money is available to support employee and running costs, capital improvement and collection purchases. In addition we receive some unrestricted donations from visitors, members and the public.



**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

	2019/20	2018/19
	£000	Restated £000
Government grant revenue allocation	18,891	18,266
Government grant capital allocation	2,963	512
Total GiA	21,854	18,778
Donations from visitors, members and the public	514	475
	22,368	19,253

**2a. Restricted donations and grants**

£1,607k was recognised during the year (2018/19: £2,086k), of which £261k was gifted (2018/19: £218k).

	2019/20	2018/19
	£000	Restated £000
Government grant capital allocation	532	983
National Heritage Lottery Fund	23	85
Other revenue and capital grants and donations	544	553
Border Force	247	247
Gifts	261	218
	1,607	2,086

NML also receives Grant-in-Aid from Border Force. The amount received in 2019/20 was £247k (2018/19: £247k). No capital GiA was received from Border Force in 2019/2020 (2018/19: £nil). A summary can be seen at note 16.

**3. Net expenditure**

In the SoFA, net expenditure before transfers is stated after charging for:

	2019/20	2018/19
	£000	£000
Travel and subsistence (including trustees)	132	158
Hospitality	42	109
Operating lease payments (Ener-G CHP scheme)	497	575
Operating lease payments (Other)	54	64
Consolidated audit fee	63	59
Trading company audit & accountancy fee	17	12
Depreciation	6,406	6,294

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**4. Analysis of expenditure**

	2019/20						2018/19
	Employee £000	Other costs £000	Total £000	Support Costs £000	Deprec- iation £000	Total £000	Total Restated £000
Raising funds	416	106	522	108	166	796	871
Charitable activities							
Care of Collections	3,172	382	3,554	738	1,129	5,421	5,526
Estate Management	1,228	6,945	8,173	1,698	2,596	12,467	9,858
Visitor services	3,851	709	4,560	948	1,448	6,956	6,864
Exhibitions	756	183	939	194	298	1,431	3,792
Education	1,600	318	1,918	398	609	2,925	2,736
Total	10,607	8,537	19,144	3,976	6,080	29,200	28,776
Trading activities							
Shops, cafes & events	2,395	1,665	4,060	-	82	4,142	4,992
Fees & charges activities	7	5	12	3	4	19	121
Total	2,402	1,670	4,072	3	86	4,161	5,113
Governance							
External audit fees	-	63	63	-	-	63	71
Corporate governance	90	32	122	49	74	245	283
Internal audit	-	34	34	-	-	34	44
Legal advice	-	15	15	-	-	15	5
Total	90	144	234	49	74	357	403
Total expenditure	13,515	10,457	23,972	4,136	6,406	34,514	35,163
Employee Costs - Support	2,803						
Total Employee Costs	16,318						

**Support Costs**

	2019/20						2018/19
	Manage- ment £000	Market- ing £000	Finance £000	Information Systems £000	Human Resources £000	Total £000	Total £000
Raising funds	29	22	17	25	15	108	113
Care of Collections	198	151	114	171	104	738	736
Estate Management	455	347	262	394	240	1,698	1,312
Visitor services	254	194	146	220	134	948	913
Exhibitions	52	40	30	45	27	194	504
Education	107	81	62	92	56	398	364
Fees & charges activities	1	1	-	1	-	3	17
Governance	13	10	8	11	7	49	53
	1,109	846	639	959	583	4,136	4,012
Employee Costs	697	626	470	638	372	2,803	2,562

The Museum depreciation is split between unrestricted £2,196k (2018/19 £1,681k) and restricted £4,210k (2018/19: £4,613k). Depreciation has been allocated across all SoFA activities including fundraising and governance.

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**5. Staff Costs**

During the year a small amount of staff costs directly associated with the delivery of NML's major capital projects were capitalised. The following Staff cost note has been expanded to disclose the capitalisation of this amount.

	NML		2019/20	2018/19
	NML	Trading Ltd	Total	Total
	£000	£000	£000	£000
Wages and salaries	10,090	2,180	12,270	12,738
Social security costs	818	138	956	988
Pension costs	2,602	77	2,679	2,121
Agency staff costs	320	-	320	120
Total within expenditure	13,830	2,395	16,225	15,967
Capitalised staff costs	93	-	93	25
Total	13,923	2,395	16,318	15,992

The subsidiary trading company pension arrangements means that the pensionable employees of the subsidiary company are in direct contract with the pension provider. NMLT makes a contribution of 5% of basic salary to the pension plans of those staff who are members of the Group Plan and the liability of the subsidiary is limited to this contribution. The employers' contribution amounted to £77k (2018/19: £73k).

**6. Tangible Assets**

NML operates a revaluation policy in relation to its land and buildings. Under the valuation conventions of the Royal Institute of Chartered Surveyors a full revaluation is carried out every five years, an appropriate index, or, a professional desktop valuation is used for land & buildings to cover the intervening periods. The historic cost of land and buildings is not known.

The net book value as at 31 March 2020 was made up of:

	2020	2019
	£000	£000
NML fixed assets	225,103	238,380
NML heritage assets	20,880	20,581
NMLT fixed assets	228	243
	<u>246,211</u>	<u>259,204</u>

Deloitte LLP, external chartered surveyors, last completed the full valuation of its land and buildings as at 31 March 2017. This has been updated by the results of the annual land and buildings desktop valuation by Deloitte LLP as at 31 March 2020, and the table reflects a decrease this year in net book value. The valuation complies fully with the RICS Valuation – Professional Standards known as the 'Red Book'. In coming to their valuation, Deloitte LLP have attached less weight to previous market evidence for comparison purposes to inform opinions of value. Due to the widespread impact of COVID-19, they were faced with an unprecedented set of circumstances on which to base their professional judgement. Their professional valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to their valuation than would normally be the case. Given the unknown future impact that COVID-19

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

might have on the real estate market, National Museums Liverpool will keep their valuation under regular review.

Properties regarded by National Museums Liverpool as operational are valued on the basis of Existing Use Value or, where this could not be assessed because there was no market for the asset, on the basis of the Depreciated Replacement Cost (DRC) subject to the prospect and viability of the occupation and use. The valuation figures in the financial statements are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole.

The note below reflects the consolidated position of NML and its subsidiary trading company NMLT. All of the tangible fixed assets of the trading company are shown within furniture and fittings.

	Land £000	Buildings £000	Furniture & Fittings £000	Permanent Galleries £000	Motor Vehicles £000	Total £000	Intangible Assets £000
<b>Asset Value</b>							
Value at 1 April	15,535	209,980	14,557	29,632	56	269,760	23
Additions in year	-	532	473	820	-	1,825	110
Disposals	-	-	(29)	-	-	(29)	-
Revaluation	(724)	(12,228)	-	-	-	(12,952)	-
Value at 31 March	14,811	198,284	15,001	30,452	56	258,604	133
<b>Depreciation</b>							
Value at 1 April	-	-	14,048	17,033	56	31,137	6
Base charge for year	-	4,210	302	1,861	-	6,373	33
Disposals	-	-	(27)	-	-	(27)	-
Revaluation	-	(4,210)	-	-	-	(4,210)	-
Value at 31 March	-	-	14,323	18,894	56	33,273	39
<b>Net book value:</b>							
At 31 March 2020	14,811	198,284	678	11,558	-	225,331	94
At 31 March 2019	15,535	209,980	509	12,599	-	238,623	17

**Disposals in year**

There were a small number of obsolete equipment disposals in the subsidiary company during the year, at a loss of £2k.

**6a. Heritage Assets**

NML's collections are among the most diverse of the national collections, encompassing fine and decorative art, ethnology, antiquities, physical sciences, urban history, maritime history, military history, international slavery, regional archaeology, maritime archives, botany, geology, zoology and the Border Force National Museum collections. Overall, the collection includes over four million items.

The collection is included in the balance sheet in order to comply with current accounting standards. However, unlike other assets, these cannot be sold to support the finances of the organisation. The collection is intended to be held in perpetuity and should any item no longer be required in support of the objectives of the Trustees, any disposal proceeds must be used to acquire further items for the collection. This makes the inclusion of these assets and their valuation primarily a matter of technical accounting compliance.

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**Collections Management**

The approach of the Board of Trustees to the management of the collections in its care is articulated in the Collections Policy (approved by the Board of Trustees May 2014). This is supported by more detailed policies and procedures where appropriate. All acquisitions and disposals are made in line with the Policy and are approved by the appropriate head of collection and reported to the Board of Trustees as a standing agenda item at their meetings (4 times per year). The policy was accepted and approved by Arts Council England as part of the institution's application under the Accreditation Scheme.

Both digital and paper-based records are held about the items in the collection and associated information. At any point in time, a small proportion of the collection is on public display. Controlled access to the remainder is usually available on request.

**Preservation**

Our Environmental Guidelines for Collections sets out our approach to environmental monitoring, climate control, pollution (internal and external), display cases, floor loadings, light and UV radiation, vibration and pests. The Integrated Pest Management Policy and Procedure is a more detailed explanation of NML's approach to identifying and dealing with pests that present a risk to collections.

NML also holds archives, including photographs and printed ephemera in line with the Code of Practice on Archives for Museums and Galleries in the United Kingdom (3rd edition, 2002). As an appointed place of deposit for public records, NML also aims to meet the standards for archives outlined in The National Archives Standard for Records Repositories (2004).

**Valuation**

In accordance with accounting standards, heritage assets acquired by NML have been reported in the balance sheet since 1 April 2001 where cost or valuation information is available.

In relation to collections acquired by NML prior to the requirement to capitalise collections, given the purpose for which the collection is held NML has assessed that this information cannot be obtained at a cost that would be commensurate with the benefit to users of the financial statements. In addition to the number of assets involved, this assessment reflects that any valuation would be complicated by the quantity and nature of such assets, that they are rarely sold, they often have a value enhanced above the intrinsic through their association with a person, event or collection, that there are a very limited number of buyers, with no homogeneous population of assets on the market and there is often imperfect information about the items.

The value of assets at historic cost and valuation are shown below:

	1 April	Additions	31 March
	£000	£000	£000
Acquisitions at historic cost	3,360	38	3,398
Donated assets at valuation	17,221	261	17,482
<b>Total</b>	<b>20,581</b>	<b>299</b>	<b>20,880</b>

Since 2001, acquisitions are recorded at either purchase cost or at a value determined by NML's curatorial staff, based on their specialist knowledge of the area in which they are collecting and of recent auction and sale prices of similar items. The values at 31 March 2020 and the preceding four years are shown below:

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

	2019/20	2018/19	2017/18	2016/17	2015/16
	£000	£000	£000	£000	£000
Value at 1 April	20,581	20,314	20,104	14,385	14,104
Additions	299	267	210	5,719	281
Value at 31 March	20,880	20,581	20,314	20,104	14,385
Additions analysis					
Purchases	38	49	150	67	167
Donations	261	218	60	5,652	114
	299	267	210	5,719	281

**7. Income**

**7a. Income from charitable activities**

	2019/20	2018/19
	£000	£000
Admissions (excl Vol Donations)	640	4,961
Exhibitions (excl admission)	210	157
Fees and charges activities	202	341
Photography	15	19
Projects income	24	353
	1,091	5,831

The reduction of admissions income was due to the success of the Terracotta Warriors exhibition which ended in 2018/19.

**7b. Investment income**

Investment income derives from returns on fixed interest placement with National Westminster Bank plc, Lloyd's Bank plc, and from the investments managed by Rathbone Investment Management Ltd.

	2019/20	2018/19
	£000	Restated £000
Interest receivable	87	68
Trust Funds	35	61
Endowment Funds	90	88
	212	217

**8. Financial instruments**

The Museum does not hold any complex financial instruments. The only financial instruments included in the accounts are debtors and creditors, cash and short-term investments as itemised in Notes 10, 11, 12 and 24. Trade debtors are recognised at fair value less a provision for impairment (bad debt). The provision is made when the Museum is of the view that the debt may not be collectable in full, or in part, in accordance with the terms. The organisation has no borrowings and relies primarily on government grants for its cash requirements. No material price or credit risk exists.

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**Liquidity Risks**

In 2019/20 NML's total income was £29.3m. £21.8m (75%) of NML's income derived from Grant-in-Aid from the Department for Digital, Culture, Media and Sport. In addition a revenue Grant-in-Aid of £247k was received from Border Force. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk due to uncertainty of the total reserves. However, this risk is mitigated by the regular review of NML's reserves. Going forward there is a liquidity risk for any on-going capital programme, to the extent that the funding is dependent upon the successful generation of grant and donations, and the receipt of these funds.

**Financial assets by category**

		2019/20	2018/19
	Note	£000	Restated £000
Trade debtors	10	239	252
Other debtors	10	677	929
Cash at bank and in hand		12,669	14,473

The above excludes statutory debtors i.e. VAT due from HM Revenue and Customs: £298k (2018/19 £305k).

The age of the NML trade debtors is shown below;

	Less than 30 days £000	30-60 days £000	60-90 days £000	More than 90 days £000
As at March 2020	79	57	46	-
As at March 2019	238	2	12	-

The Museum's principal exposure to risk is primarily attributable to trade debtors. However this risk is minimised because most major customers are longstanding organisations with a history of working with the Museum. The majority of other debtors are grants receivable and are therefore considered to be low risk.

**Financial liabilities by category**

		2019/20	2018/19
	Note	£000	£000
Trade creditors	11	870	851
Other creditors & accrual	11	599	1,668
Provisions	12	474	395

The above excludes statutory creditors i.e. tax and social security payments due to HM Revenue and Customs: £428k (2018/19 £339k). All liabilities are non-interest bearing.

**Interest Rate Risks**

As mentioned above, NML receives less than 1% of its income through returns on invested cash balances. It is therefore not exposed to any material risk in relation to fluctuating interest rates. The weighted average of fixed rate interest for invested deposits for 2019/20 was no more than 0.5%.

**Foreign Exchange Risks**

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

NML does not engage in market dealings in respect of foreign currencies and the Trustees are therefore not exposed to any foreign exchange risks. However, NML does have a Euro bank account with a small deposit balance for operational purposes.

**Investment Risk**

NML has £4.9m (2019/20 £5.0m) invested in fixed interest and equity stocks. The investment manager (Rathbone Investment Management) works to a low risk profile instruction.

The Trustees recognise the risk associated with investment in mainstream financial markets and accept the risk in return for the prospect of additional returns over longer periods of time. As such, they wish to remain largely invested at all times, subject to cash reserves being held as part of the investment management process and to cover liabilities.

**9. Trading subsidiary**

NML owns the whole of the issued share capital of NML Trading Limited (NMLT). NMLT is a company registered company in England and Wales, Company Registration No.02676330.

The company's principal activities consist of:

- Catering and retailing for NML and its visitors;
- Provision of hospitality and corporate events to third party companies and clients;
- Facilitating the needs of the NML visitor by assisting to deliver other services such as events, commercial filming, publishing and membership; and
- Assisting the parent body to realise commercial and income generation opportunities.

The Directors of the company during the year were:

- |   |                 |
|---|-----------------|
| • P C Price                               | • L Pye         |
| • C Booth (resigned 25 January 2020)      | • G A McCluskey |
| • L E Parnell (resigned 21 February 2020) | • M Lewis       |

In making their decisions during the year, the Directors have acted in the way that they consider, in good faith, would be most likely to achieve their charitable purposes. Directors who are not employees of NML or NMLT serve on a voluntary, unpaid basis. The registered office of the company is 127 Dale Street, Liverpool.

NMLT Ltd usually donates all of its profit to NML after retaining a small balance for cash management purposes. However, after taking into account the financial impact of the COVID-19 pandemic, the Directors decided to retain all but £10k of profit for 2019/20 as this would help offset some of the loss of trading in 2020/21. This had the effect of incurring a Corporation Tax liability as shown above.

The trading performance for the year ended 31 March 2020 and the Company's Balance Sheet are set out below.



**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

	2019/20	2018/19
	£000	£000
Sales	4,495	6,804
Cost of Sales	(1,392)	(2,144)
Gross Profit	3,103	4,660
Administrative expenses	(2,882)	(3,078)
Operating Profit	221	1,582
Interest receivable and similar income	3	5
Interest payable and similar charges	(12)	(1,593)
Profit/(loss) on ordinary activities before taxation	212	(6)
Taxation on profit on ordinary activities	(37)	-
(Loss)/profit for the year	175	(6)

This year the donation was £10k (2018/19 £1,588k) and is included within “Interest payable and similar charges” above.

The balance sheet is as follows:

	2019/20		2018/19	
	£000	£000	£000	£000
Fixed Assets		228		243
Current assets	1,369		2,363	
Current liabilities	(743)		(1,918)	
Net Current Assets		626		445
Total assets less current liabilities		854		688
Creditors: amounts due after more than one year		-		(9)
Total		854		679
Represented by:				
Called up share capital		610		610
Profit & Loss reserve		244		69
Total		854		679

The authorised share capital of the company is £610,000 in £1 shares of which 610,000 shares have been allotted, called up and fully paid.

The intra-group debtor/creditor position is shown below:

	2019/20	2018/19
	£000	£000
Amount owed by the parent company to the subsidiary	33	129
Amount owed by the subsidiary to the parent company	151	1,548
	184	1,677

The reconciliation of the company profit & loss to the Consolidated Statement of Financial Activities (SoFA) is shown below:

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

	2019/20	2018/19
	£000	£000
Incoming Resources		
NMLT Sales	4,495	6,804
Less intragroup sales	(469)	(398)
Trading Activities Income in SoFA	4,026	6,406
Outgoing Resources		
NMLT Cost of Sales	1,392	2,144
NMLT Administrative Expenses	2,882	3,078
NMLT Interest payable and similar charges	12	1,593
Total NMLT Costs	4,286	6,815
Less intragroup costs	(181)	(1,823)
Trading Activities Costs in SoFA	4,105	4,992

**10. Debtors**

	2019/20		2018/19 Restated	
	Group	Museum	Group	Museum
	£000	£000	£000	£000
Amounts due from subsidiary	-	151	-	1,548
Trade debtors	239	112	252	62
Other debtors	677	642	929	910
Prepayments	192	151	98	75
Taxation (VAT) recoverable	298	298	305	305
	1,406	1,354	1,584	2,900

The amounts due from subsidiary increased temporarily during 2018/19 due to impact of the Terracotta Warriors exhibition.

**11. Creditors**

	2019/20		2018/19 Restated	
	Group	Museum	Group	Museum
	£000	£000	£000	£000
Amounts falling due within one year:				
Amounts due to subsidiary	-	33	-	129
Trade creditors	870	863	851	776
Other creditors and accruals	599	589	1,668	1,645
Deferred income	411	72	149	19
Taxation and social security	428	192	339	197
	2,308	1,749	3,007	2,766
Amounts falling due after one year:				
Accrual for CHP and finance lease	245	245	291	282

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**12. Provisions**

	2019/20		2018/19 Restated	
	Group £000	Museum £000	Group £000	Museum £000
Balance brought forward	395	395	-	-
Provision in year	79	79	395	395
Payments in year	-	-	-	-
Releases in year	-	-	-	-
Balance carried forward	474	474	395	395

Provisions are made when a liability is known to exist but the value and/or timing of the payment of the liability is not precisely known and has to be estimated.

Provision has been made for the anticipated cost of:

- 1) Employee leave which is due by 31 March but has not been taken - £432k (2018/19 £395k)
- 2) Employee compensation claims which fall outside of our insurance arrangements - £42k (2018/19 Nil)

**13. Financial commitments**

Payments under operating leases of £551k were made in 2019/20 (2018/19 £625k).

	2019/20		2018/19 Restated	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases which expire:				
Within one year	54	612	54	591
In the second to fifth year	9	2,606	63	2,471
More than five years	-	1,048	-	1,675
	63	4,266	117	4,737

The Land & Buildings commitment is an operating lease for Juniper Street 2 building.

NML entered into a contractual arrangement with Ener-G Limited (now part of Centrica Plc) for the provision of a Combined Heat and Power ('CHP') plant. The equipment was designed, manufactured, supplied and installed by Ener-G Limited, and NML make quarterly unitary payments for the provision of energy services over the 17 year period of the Agreement. Ener-G Limited has agreed energy savings targets with NML which are designed to be at least the value of the Unitary Payment and the Agreement provides for "service credits" to be granted to NML should the guaranteed savings not be realised. Compensation will also be payable should there be periods of service failure. The Agreement is based on the standard form of PFI contract and the CHP assets came into use in October 2010.

Total payments over the remaining period of the contract, assuming an inflation rate of 2.5% are expected to be:

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

	Within 1 year £000	2nd to 5th year £000	6th to 10th year £000
Payment commitments	612	2,606	1,048

The estimated capital value is £3.6m and the contract end date is 29 June 2026.

The Museum has performed an analysis of the risks and rewards of the contract and has determined, after obtaining third party professional advice that the equipment should not be accounted for on the Museum's balance sheet.

The supplier of the equipment made a payment of £605k which is being released as deferred income against the annual unitary payment due over the duration of the contract, which is 17 years.

#### 14. Statement of Funds

The following unrestricted funds were held in 2019/20.

- Collection purchase fund: for future additions to the collections.
- General Fund: for general use in furtherance of the objectives of NML.
- Government GiA Fund: GiA received for a capital purpose and carried forward to finance future asset additions.
- Board Share Reserve: funds invested by the Board of Trustees into NMLT.
- Investment Market Valuation Reserve: unrealised gains or (losses) arising in the market valuation of investments at 31 March compared to their purchase cost.
- Government GiA Reserve: GiA received for a capital purpose which has been used to finance unrestricted assets.
- NMLT P&L Reserve: for general use in furtherance of the objectives of NMLT.

	Restated At 1 April 2019 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	At 31 March 2020 £000
<b>Unrestricted funds</b>						
Collections Purchase Fund	281	-	-	-	53	334
General Fund	8,587	22,261	23,448	6	(91)	7,315
Government GiA Fund	1,024	129	-	-	-	1,153
Board Share Reserve	610	-	-	-	-	610
Investment Market Revaluation Reserve	114	-	-	(63)	-	51
Government GiA Reserve	12,882	1,334	2,114	-	-	12,102
<b>Total Museum</b>	<b>23,498</b>	<b>23,724</b>	<b>25,562</b>	<b>(57)</b>	<b>(38)</b>	<b>21,565</b>
NMLT P&L Reserve	69	4,498	4,323	-	-	244
<b>Total Group</b>	<b>23,567</b>	<b>28,222</b>	<b>29,885</b>	<b>(57)</b>	<b>(38)</b>	<b>21,809</b>
<b>Restricted funds</b>						
Special Funds	4,291	826	1,051	(83)	95	4,078
Collections Purchase Reserve	20,581	284	-	-	15	20,880
Board Capital Reserve	41,577	-	1,450	-	-	40,127
Government GiA Reserve	8,726	532	720	-	-	8,538
Restricted Capital Reserve	75,553	-	2,040	-	-	73,513
Revaluation Reserve	99,659	-	-	(8,742)	-	90,917
<b>Total Group</b>	<b>250,387</b>	<b>1,642</b>	<b>5,261</b>	<b>(8,825)</b>	<b>110</b>	<b>238,053</b>
<b>Endowment Funds</b>	<b>2,927</b>	<b>90</b>	<b>18</b>	<b>(290)</b>	<b>(72)</b>	<b>2,637</b>
<b>Total Group</b>	<b>276,881</b>	<b>29,954</b>	<b>35,164</b>	<b>(9,172)</b>	<b>-</b>	<b>262,499</b>

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

Restricted Funds comprise funds subject to specific restriction imposed on them by donors, by the purpose of the appeal or by the use of funds to fund an asset which is itself restricted. The following funds were held:

- Special Funds: unused donations or grants from funders with conditions attached to ensure that they are used for a specified purpose.
- Collections Purchase Fund: funds which have been used to finance heritage asset purchases.
- Board Capital Reserve: funds generated by the Board of Trustees which have been used to finance restricted fixed assets.
- Government GiA Reserve: Government GiA funds which have been used to finance restricted fixed assets.
- Restricted Capital Reserve: funds provided by donors for specified purposes which have been used to finance fixed assets.
- Revaluation reserve: reflects the difference between the market value of a fixed asset at 31 March and the historical cost. These would have been full land & buildings, desktop or indexation valuations.

**15. Analysis of group net assets between funds**

	Unrestricted funds £000	Restricted funds £000	Endow- ments £000	Total £000
Tangible fixed assets	12,330	233,975	-	246,305
Investments	1,068	1,269	2,532	4,869
Net assets (excl fixed assets) and cash	8,411	2,809	105	11,325
	<u>21,809</u>	<u>238,053</u>	<u>2,637</u>	<u>262,499</u>
Unrealised gains/(losses) included above:				
On tangible fixed assets and investments	(57)	(8,825)	(290)	(9,172)

**16. Border Force National Museum**

Until 30 April 2020, the Trustees of NML were custodians and Trustees of the collections that constitute the National Collections of the Board of Border Force. Possession of the National Collection passed to NML under a deed of trust which allows NML to hold and display the National Collection for a period not exceeding 20 years from October 2014. NML received from Border Force annual Grant-in-Aid payments which allowed the National Collection to be displayed and interpreted alongside NML's other national collections. Payments by Border Force in respect of Grant-in-Aid were made from the Home Office Border Force 2019/20 account, which is audited and published separately.

The formal name of the museum was "Border Force National Museum" and the visitor name is "Seized! The Border and Customs Uncovered".

From 1 May 2020, ownership of the collection passed to NML and funding for 2020/21 will be provided through GiA received from DCMS as part of the normal funding arrangements for NML.

**Capital grants**

The development of the permanent gallery and associated facilities has taken place over the years with the assistance of capital grants from Her Majesty's Revenue and Customs (HMRC). These grants are held within restricted funds and are applied as authorised expenditure is made.

The funding position as regards revenue Grant-in-Aid is as follows:

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	2019/20	2018/19
	£000	£000
Unapplied funds as at 1 April	-	-
Grant-in-Aid	247	247
Total Available Grant-in-Aid funds	247	247
Funds applied to the running of the Museum	(247)	(247)
Unapplied funds as at 31 March	-	-

The funding position as regards capital Grant-in-Aid is as follows:

	2019/20	2018/19
	£000	£000
Total funds received as at 1 April	1,469	1,469
Funds received in year	-	-
Virement from Revenue Grant	-	-
Total funds received as at 31 March	1,469	1,469
Funds applied as at 1 April	(1,469)	(1,469)
Funds applied in year	-	-
Funds applied as at 31 March	(1,469)	(1,469)
Unapplied capital funding at 31 March	-	-

**17. Royal Albert Dock Ltd**

NML is a member of Royal Albert Dock Ltd (RADL – formerly Gower St Estates Ltd. a company formed to manage the areas within the Royal Albert Dock formerly managed by the Merseyside Development Corporation (MDC). RADL is a company limited by guarantee, the other members being the lessees within the Royal Albert Dock Estate also affected by the abolition of the MDC, together with new lessees within the estate.

The company is managed by a Board of Directors all of whom are appointed by the members. NML's nominated directors are Ian Murphy and Janet Dugdale. Directors of the company are not remunerated. The day to day management of the estate is contracted to CBRE Limited, although Savills UK Limited managed the estate until October 2019.

The gross expenditure of the company is netted down by any income generated, with the residual amount being covered by a service charge to members calculated by reference to an agreed cost sharing formula.

NML's contribution for the year under this arrangement was £182k (2018/19 £172k).

**18. Capital Commitments**

There are a small number of capital projects that are committed beyond 2019/20. The aggregate value of capital commitments in future years as at 31 March 2020 was £178k. (2019: £61k)

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**19. Museum Statement of Financial Activities**

	2019/20				2018/19 Restated			
	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
Income and endowments								
Donations, grants and legacies	22,368	1,607	-	23,975	19,253	2,086	-	21,339
Charitable activities	1,262	-	-	1,262	6,066	-	-	6,066
Trading activities	10	-	-	10	1,588	-	-	1,588
Investments	84	35	90	209	63	61	88	212
<b>Total</b>	<b>23,724</b>	<b>1,642</b>	<b>90</b>	<b>25,456</b>	<b>26,970</b>	<b>2,147</b>	<b>88</b>	<b>29,205</b>
Expenditure								
Raising funds	670	120	18	808	723	134	14	871
Charitable activities	24,562	5,089	-	29,651	23,624	5,550	-	29,174
Trading Activities	16	3	-	19	102	19	-	121
Governance	314	49	-	363	340	63	-	403
<b>Total</b>	<b>25,562</b>	<b>5,261</b>	<b>18</b>	<b>30,841</b>	<b>24,789</b>	<b>5,766</b>	<b>14</b>	<b>30,569</b>
Net (loss)/gains on investments	(57)	(83)	(290)	(430)	89	86	76	251
Net (expenditure)/income	(1,895)	(3,702)	(218)	(5,815)	2,270	(3,533)	150	(1,113)
Transfers between funds	(38)	110	(72)	-	(67)	67	-	-
Gains/(Losses) on revaluation of fixed asset	-	(8,742)	-	(8,742)	-	2,177	-	2,177
Net movement in funds	(1,933)	(12,334)	(290)	(14,557)	2,203	(1,289)	150	1,064
Brought forward at 1 April	23,498	250,387	2,927	276,812	21,295	251,676	2,777	275,748
Carried forward at 31 March	21,565	238,053	2,637	262,255	23,498	250,387	2,927	276,812

**20. Related Party Transactions**

National Museums Liverpool is a Non-Departmental Public Body sponsored by the Department for Digital, Culture, Media and Sport (DCMS). DCMS is regarded as a related party with which, during the year, NML conducted a number of material transactions.

Each year NML receives a donation without conditions from NMLT, a 100% owned subsidiary company of NML. The purpose of the company is to generate profit in support of the charity parent, and NMLT usually donates all of its profit to NML after retaining a small balance for cash management purposes. This year the donation was £10k (2018/19 £1,588k). As outlined in Note 9, the small donation in 2019/20 was part of the management action taken in response to the financial impact of the COVID-19 pandemic.

**Trustees**

During the year no Trustees undertook any material related party transaction. The following transactions took place between NML and organisations with which Trustees have a relationship.

Related Party	Relationship	Transactions	Income for	Expenditure	Creditor at	Debtor at
			the year	for the year	31 March	31 March
			£000	£000	£000	£000
Liverpool John Moores University	Sir David Henshaw - Honorary Fellow	Charges for events, ticket sales and bookings	2	3	-	-
University of Liverpool	Sir David Henshaw - Fellow	Charges for services, tuition and receptions	1	-	-	-
Rosenblatt Limited	Ian Rosenblatt - Partner	Professional/legal services re contractual matter	-	1	-	-
South Bank	Ian Rosenblatt - Benefactor	Framing and other arts services (Southbank Centre)	-	6	-	-
Barbican	Ian Rosenblatt - Patron	Exhibition hire	-	121	-	-
University of Manchester	Virginia Tandy	Library/archive services	-	2	-	-
Grosvenor Liverpool Fund	Sarah Dean - Grosvenor Family Estate Office	Fees for services - Old Dock Interpretation Centre	48	-	-	-
FACT	Andy McCluskey	Film, editing and related services	-	5	-	-
ACC Liverpool Group	Max Steinberg - Chair	Advertising	-	1	-	-
Liverpool Hope University	Max Steinberg - Senior Fellow	Contribution to programme co-ordinator	2	-	-	-

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

All of these transactions were on normal terms between NML and the other organisation.

**Key management personnel**

These are considered to be the Directors described in the Remuneration Report. They took no part in any discussion which concerned organisations or bodies that they have connections with as reported in the Register of Members Interests.

During the year none of the key management personnel undertook any material related party transactions. The following transactions took place between NML and organisations with which key management personnel have a relationship.

Related Party	Relationship	Transactions	Income for	Expenditure	Creditor at	Debtor at
			the year	for the year	31 March	31 March
			£000	£000	£000	£000
Museums Association	Laura Pye - Member; Chair of Taskforce	Institutional memberships and conferences	-	5	-	-
Albius Ltd	Anthony Park - Director	Estates management services	-	34	-	-
Art Fund Merseyside	Sandra Penketh - Committee member	Curatorial grants	28	-	-	-

All of these transactions were on normal terms between NML and the other organisation.

**21. Contingent Assets and Liabilities**

There are no contingent assets or liabilities.

**22. Post Balance Sheet Events**

In order to recover from the financial impact of Covid-19 upon the whole Group, a recovery plan was implemented starting in October 2020 designed to ensure the financial sustainability of the parent charity (NML) and trading company subsidiary (NMLT). As part of this plan, consultation upon a proposed restructure of both organisations started on 5 October. The proposals may lead to up to 100 FTE (full time equivalent) redundancies.

Although NMLT is a wholly owned *trading* subsidiary of NML, the company exists to directly support NML in the delivery of its charitable objective to “promote generally the public enjoyment and understanding of art, history and science both by means of the collections and by such other means as are considered appropriate” (Merseyside Museums and Galleries Order 1986). It does this by providing services to the public which are an important part of their enjoyment of our collections at our venues, in particular the provision of in-venue shops and cafes. Financial projections were produced for the company until 2024/25 in order to gauge the amount of financial support required to ensure that the company could continue to support the delivery of Group charitable objectives. A cash injection of £710,000 into the company was agreed from the Charity which is designed to ensure company solvency throughout the period of Group rebuilding and recovery from the pandemic.

The financial statements were authorised for issue by the Accounting Officer and the Board of Trustees on the date shown on the Audit Certificate.

**23. Special payments and losses**

NML have not made any payments or incurred losses during the year in respect of commercial settlements and compromise agreements, which may be classed as a special payment under Managing Public Money guidance. Therefore, none were to be disclosed within the remuneration report. Where required, approval is obtained from DCMS and/or HM Treasury. Under the current Management Framework agreement NML is required to disclose separately any special payments of an individual value above £100,000.



**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

**24. Investments**

All investments are listed on the UK stock exchange.

	2019/20	2018/19 Restated
	£000	£000
Market value at 1 April	4,995	4,539
Purchases at cost	652	416
Sales at market value	(183)	(189)
Net (Gain)/Loss on sales	(165)	(14)
Net Gain/(Loss) on market revaluation	(430)	243
Market value at 31 March	4,869	4,995

	2019/20	2018/19 Restated
	£000	£000
Fixed Interest	782	792
UK Equities	2,843	3,483
Overseas Equities	1,154	629
Alternatives	90	91
	4,869	4,995

The investments have been treated as current assets as they are not to be held long term, and the intention is to realise the asset without reinvestment of the sale proceeds.

**25. Restatement**

The comparative figures for 2018/19 have been restated compared to the accounts published last year to incorporate changes in two areas:

- 1) Simplify and clarify the structure of Funds as shown in Note 14. The structure as now presented makes clearer connections to the asset values connected with these funds and more accurately reflects the restricted nature of the funds held by NML.
- 2) All trust funds and endowments held by the Board of Trustees are now incorporated within these accounts and subject to audit. For historical reasons some funds had been held outside of these accounts but this has now been amended.

Making this restatement led to a large number of adjustments in the 2018/19 figures shown compared to the accounts published for last year, which are itemised below:

Funds restructured	Original Value £000	Reserve Changes - Depreciation £000	Reserve Changes - Grant Income £000	Reserve Changes - Opening Balance £000	Revised Value £000
<u>Statement of Financial Activities</u>					
Raising funds - unrestricted	795	(72)	-	-	723
Charitable activities - unrestricted	25,664	(2,438)	-	-	23,226
Trading Activities - unrestricted	5,105	(11)	-	-	5,094
Governance - unrestricted	374	(34)	-	-	340
Raising funds - restricted	58	72	-	-	130
Charitable activities - restricted	3,112	2,438	-	-	5,550
Trading Activities - restricted	8	11	-	-	19
Governance - restricted	29	34	-	-	63
Gains/(Losses) on revaluation of fixed assets - unrestricted	682	(682)	-	-	-
Gains/(Losses) on revaluation of fixed assets - restricted	1,495	682	-	-	2,177
Brought forward at 1 April - unrestricted	136,359	-	-	(114,994)	21,365
Brought forward at 1 April - restricted	136,131	-	-	114,994	251,125
<u>Note 2 - Unrestricted donations, grants and legacies</u>					
Government grant capital allocation	1,495	-	(983)	-	512

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

<b>Funds restructured (continued)</b>					
	Original Value £000	Reserve Changes - Depreciation £000	Reserve Changes - Grant Income £000	Reserve Changes - Opening Balance £000	Revised Value £000
<u>Note 2a - Restricted donations, grants and legacies</u>					
Government grant capital allocation	-	-	983	-	983
<u>Note 14 - Statement of Funds</u>					
	Original Value £000	Collections Reserves £000	Capital Reserves £000	Revenue Reserves £000	Revised Value £000
Unrestricted funds					
Revaluation Reserve	63,880	-	(63,880)	-	-
Designated funds:					
Collection Purchase Fund	3	278	-	-	281
Collection purchase fund - capital	809	(809)	-	-	-
Government GiA Fund	-	-	1,024	-	1,024
Border Force admissions fund	74	-	-	(74)	-
Academic publications	198	-	-	(198)	-
Investment Market Revaluation Reserve	-	-	-	114	114
Board Share Reserve	-	-	610	-	610
Government GiA Reserve	-	-	12,882	-	12,882
TFA* Capital reserve	33,166	-	(33,166)	-	-
TFA* Deferred govt grant ITF**	361	-	(361)	-	-
TFA* Deferred govt grant	22,271	-	(22,271)	-	-
TFA* General capital	5,196	-	(5,196)	-	-
TFA* NMGM ITF**	3,215	-	(3,215)	-	-
Total designated funds	65,293	(531)	(49,693)	(158)	14,911
General Fund	8,493	-	-	89	8,582
NMLT P&L Reserve	-	-	-	69	69
Total unrestricted funds	137,666	(531)	(113,573)	-	23,562
Restricted funds					
Revaluation Reserve	35,779	-	63,880	-	99,659
Restricted funds					
Collection Purchase fund	20,050	531	-	-	20,581
Board Capital Reserve	-	-	41,577	-	41,577
Government GiA Reserve	-	-	8,726	-	8,726
Special Funds	-	-	-	3,794	3,794
Restricted Capital Reserve	-	-	75,553	-	75,553
Development fund revenue	2,648	-	-	(2,648)	-
Tomlinson fund	287	-	-	(287)	-
TFA* Tomlinson Capital	859	-	-	(859)	-
New share capital	230	-	(230)	-	-
TFA* Development fund	9,111	-	(9,111)	-	-
TFA* NMGM ITF** - Lottery	14,667	-	(14,667)	-	-
TFA* Lottery	6,981	-	(6,981)	-	-
TFA* ERDF ITF**	2,542	-	(2,542)	-	-
TFA* ERDF Capital	7,001	-	(7,001)	-	-
TFA* Development fund ITF**	1,288	-	(1,288)	-	-
TFA* NWDA Cap	34,343	-	(34,343)	-	-
Total	100,007	531	49,693	-	150,231
Total restricted funds	135,786	531	113,573	-	249,890
Total	273,452	-	-	-	273,452

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

<b>Trust &amp; Endowments Funds incorporated into accounts</b>					
	Original Value £000	Trust Funds added £000	Revised Value £000	Endowment Funds added £000	Revised Total Value £000
<b>Statement of Financial Activities</b>					
Restricted Income - Investments	128	(67)	61	88	149
Restricted Expenditure - Raising Funds	130	4	134	14	148
Net gains/(losses) on investments	69	17	86	76	162
Unrestricted - Brought forward at 1 April	21,365	5	21,370	-	21,370
Restricted - Brought forward at 1 April	251,125	551	251,676	-	251,676
Endowments - Brought forward at 1 April	-	-	-	2,777	2,777
<b>Consolidated Balance Sheet</b>					
Investments	1,850	594	2,444	2,551	4,995
Debtors	2,198	(165)	2,033	(449)	1,584
Cash at Bank	13,580	68	13,648	825	14,473
Creditors	3,407	(5)	3,402	-	3,402
Unrestricted Funds	23,562	5	23,567	-	23,567
Restricted Funds	249,890	497	250,387	-	250,387
Endowment Funds	-	-	-	2,777	2,777
<b>Museum Balance Sheet</b>					
Investments	1,850	594	2,444	2,551	4,995
Debtors	3,514	(165)	3,349	(449)	2,900
Cash at Bank	11,879	68	11,947	825	12,772
Creditors	3,166	(5)	3,161	-	3,161
Unrestricted Funds	23,493	5	23,498	-	23,498
Restricted Funds	249,890	497	250,387	-	250,387
Endowment Funds	-	-	-	2,777	2,777
<b>Consolidated Cash Flow</b>					
Cash used in operating activities	2,702	91	2,793	525	3,318
<i>Cash flows from investing activities</i>					
Interest and dividends received	196	(67)	129	88	217
Purchase of investments	(52)	(201)	(253)	(164)	(417)
Sale of investments	43	58	101	88	189
Increase in cash in year	1,223	(119)	1,104	537	1,641
<i>Notes to Cash Flow Statement</i>					
Net outgoing resources	(1,215)	(54)	(1,269)	150	(1,119)
Interest received	(196)	67	(129)	(88)	(217)
Net losses/(gains) on investments	(149)	(26)	(175)	(76)	(251)
(Increase)/decrease in debtors	(429)	99	(330)	539	209
(Decrease)/increase in creditors	(1,381)	5	(1,376)	-	(1,376)
Net cash inflow from operating activities	2,702	91	2,793	525	3,318
<i>Analysis of cash flows</i>					
Returns on investments and servicing of finance	196	(67)	129	88	217
Net losses/(gains) on investments	(9)	(143)	(152)	(76)	(228)
Management of liquid resources: Increase in cash	1,223	(119)	1,104	537	1,641
<i>Reconciliation of net cash flow to movement in net funds</i>					
Increase in cash and movement in net funds in the year	1,223	(119)	1,104	537	1,641
Net funds at 1 April	12,357	100	12,457	375	12,832
Net funds at 31 March	13,580	(19)	13,561	912	14,473
<i>Analysis of net funds</i>					
Cash	13,580	(19)	13,561	912	14,473

**National Museums & Galleries on Merseyside**  
**Notes to the Accounts for the year ended 31 March 2020**

<b>Trust &amp; Endowments Funds incorporated into accounts (continued)</b>					
	Original Value £000	Trust Funds added £000	Revised Value £000	Endowment Funds added £000	Revised Total Value £000
Note 4 - Analysis of expenditure					
Raising Funds - Total Costs	853	4	857	14	871
Note 7b - Investment income					
Trust Funds	128	(67)	61	-	61
Endowment Funds	-	-	-	88	88
Note 8 - Financial Instruments					
Other debtors	1,543	(165)	1,378	(449)	929
Cash at bank and in hand	13,580	(19)	13,561	912	14,473
Note 10 - Debtors					
Other debtors - Group	1,543	(165)	1,378	(449)	929
Other debtors - Group	1,524	(165)	1,359	(449)	910
Note 11 - Creditors					
Other creditors and accruals - Group	2,068	(5)	2,063	-	2,063
Note 14 - Statement of Funds					
General Fund	8,582	5	8,587	-	8,587
Special Funds	3,794	497	4,291	-	4,291
Endowment Funds	-	-	-	2,927	2,927
Note 19 - Museum Statement of Financial Activities					
Restricted Income - Investments	128	(67)	61	88	149
Restricted Expenditure - Raising Funds	130	4	134	14	148
Net gains on investments	69	17	86	76	162
Unrestricted - Brought forward at 1 April	21,290	5	21,295	-	21,295
Note 24 - Investments					
Market value at 1 April	1,692	445	2,137	2,402	4,539
Additions to investments at cost	52	200	252	164	416
Disposals at market value	(43)	(58)	(101)	(88)	(189)
Net Gain on sales and revaluation	149	7	156	73	229
Market value at 31 March	1,850	594	2,444	2,551	4,995
<i>Asset Analysis</i>					
Fixed Interest	256	129	385	407	792
UK Equities	1,159	245	1,404	2,079	3,483
Overseas Equities	400	195	595	34	629
Alternatives	35	25	60	31	91
Market value at 31 March	1,850	594	2,444	2,551	4,995



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