

# National Portrait Gallery Annual Report and Accounts 2020-21

# National Portrait Gallery Annual Report and Accounts 2020-21

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

Ordered by the House of Commons to be printed 19 July 2021



© **National Portrait Gallery** copyright **2021**

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](https://www.gov.uk/official-documents).

Any enquiries regarding this publication should be sent to us at [lmckechan@npg.org.uk](mailto:lmckechan@npg.org.uk).

ISBN 978-1-5286-2676-7

CCS0421427024                      07/21

Printed on paper containing 75% recycled fibre content minimum

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

The Board of Trustees of the National Portrait  
Gallery  
Annual Accounts 2020-21

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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 19 JULY 2021

## **CONTENTS**

REVIEW OF ACTIVITIES IN 2020-21	8
ADVISERS	35
REMUNERATION REPORT	36
STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES	40
GOVERNANCE STATEMENT	41
FINANCIAL STATEMENTS	57
NOTES TO THE ACCOUNTS	61

## **Our Mission**

The National Portrait Gallery holds the largest and most prestigious collection of portraits in the world. Through the display of the Collection, exhibitions, loans, digital programmes, research, learning, publishing and outreach, the Gallery brings history to life, engaging with the widest possible audiences, and stimulates debate on the nature of British identity, individual achievement and the impact and influence of people who have made – and are making – a mark on the country's history and culture.

All the National Portrait Gallery's activities and aspirations are driven by its statutory aims and objectives as set out in the Museums and Galleries Act 1992:

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

## **The Gallery today**

Founded in 1856, the Gallery moved to its permanent home at St Martin's Place in 1896. The present building, designed by Ewan Christian, has undergone significant transformation over time with the addition of the Duveen Wing in the 1930s, the Conservation Studio and the Heinz Archive and Library in 1989 and the Ondaatje Wing in 2000.

The Gallery is currently undergoing significant refurbishment and expansion. The *Inspiring People* project is the most transformative development since its home at St Martin's Place opened in 1896. The project, supported by many generous donations, will simultaneously safeguard our heritage and look to the future, allowing to extend influence, reach and relevance. At its heart is an ambitious, more engaging and much-needed comprehensive re-display of the Collection, from top to bottom, Tudors to now.

*Inspiring People* will transform the building, making it more welcoming and appealing to the widest and most diverse audiences possible, restoring historic features, creating a new and more welcoming visitor entrance and public forecourt on the building's North Façade, and a new state-of-the-art Learning Centre.

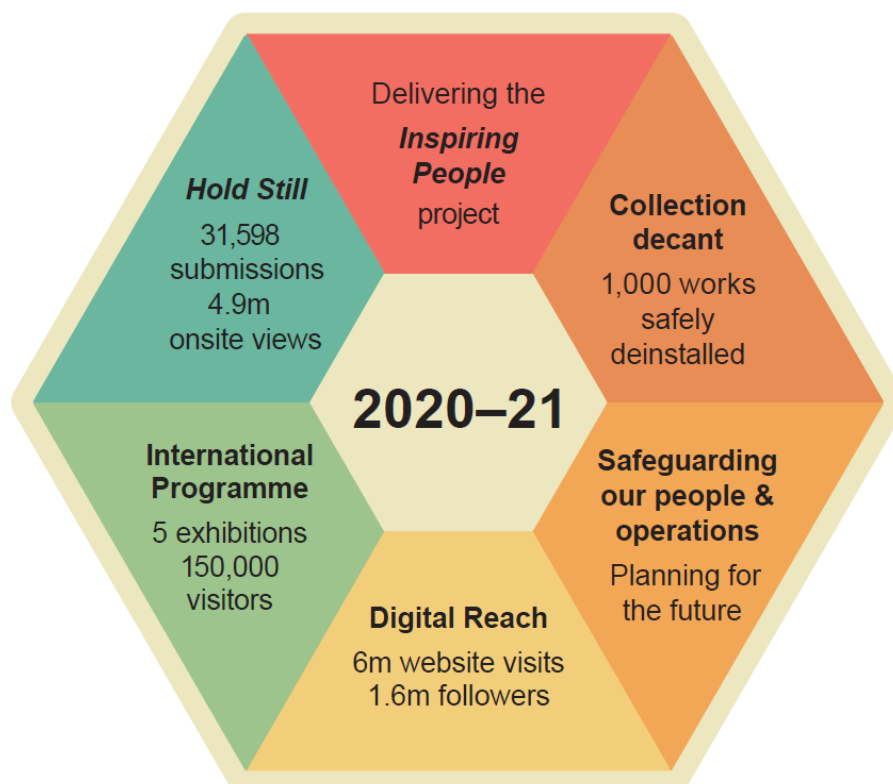
In order to complete the redevelopment efficiently and to safeguard visitors, members of staff and the Collection, St Martin's Place closed to the public in spring 2020 and while essential building works take place.

During the redevelopment period, the Gallery will actively share its unique Collection of portraits, some of which are rarely loaned, in a major programme of activities across the UK, supported by the National Lottery Heritage Fund and a major new grant from the Art Fund as well as through its digital and social media platforms.

The National Portrait Gallery is always keen to find new ways to share the Collection. Strategic partnerships have been formed to further the Gallery's mission with museums and galleries across the UK and internationally, and there are ongoing loan and display arrangements with a number of galleries and historic houses, including an ongoing partnership with Montacute House in Somerset (a National Trust property).

## REVIEW OF ACTIVITIES IN 2020-21

### Year at a glance



#### **Delivering the *Inspiring People* project**

The year marked significant progress for the *Inspiring People* project notwithstanding the significant disruption caused by the pandemic, with a number of key project milestones achieved. The decant of the Collection, the first time the entire Collection was taken out of the building since its evacuation to Buckinghamshire during the Second World War, was completed in autumn 2020 allowing the enabling works to begin. Over 1,000 works were carefully condition checked, treated, de-installed and safely transported to the Gallery's stores.

Following approval of the Full Business Case by the Department for Digital Culture, Media and Sport (DCMS), Cabinet Office and the Treasury and the appointment of Gilbert Ash as the main contractor, work commenced on site on in early 2021: a significant project milestone.

Progress has been made on fundraising for the project, a remarkable achievement given the constraints and challenges brought by the pandemic. This has been made possible thanks to the generosity of a number of supporters, to whom we are very grateful.

#### **Reinventing the audience experience**

Digital became our primary engagement channel during the pandemic, providing access to the Gallery's Collection, exhibitions and content. 2020-21 was a record-breaking year for our digital channels, with the website attracting 6 million visits, which was a 9% increase on the prior year, and growth of 14% across social media channels, which now reach over 1.6 million followers.

Throughout the year, we refocused our digital programmes to support audiences during lockdown periods creating online 'Gallery from Home' content to showcase the resources available, including virtual themed tours and 360° sculptures. The Taylor Wessing Photographic Portrait Prize 2020 and the BP Portrait Award 2020 were displayed in virtual galleries that replicated the rooms of the Gallery, reaching new and international audiences and enabling both competitions to go ahead.

Trialling new technologies introduced powerful, innovative ways to experience the Collection and in March 2021, the world's first voice interactive digital portrait, *In The Room With Nile Rodgers*, was unveiled on our website. Using authentic and extensive footage, this new conversational experience recreated an encounter with the iconic musician, enabling users to virtually 'meet' with and interview Nile Rodgers and gain a unique insight into his personality and warmth.

### **Creating a portrait of the UK during lockdown**

*Hold Still*, a community project spearheaded by our Patron, HRH The Duchess of Cambridge, was launched in May 2021 with the ambition to create a unique record of the nation's shared and individual experiences during the first lockdown. The project attracted more than 31,500 submissions from all corners of the UK, with the geographic spread stretching from Oban in Argyll, Scotland to Delabole in Cornwall.

*Hold Still* resulted in a record-breaking digital exhibition and nationwide display of all 100 final portraits which brought art to everyday life in a ground-breaking way and was seen by an estimated 4.9 million people.

### **Developing the Collection**

*Reframing narratives: Women in Portraiture*, a new three-year project was launched in partnership with CHANEL in March 2021. Generously supported via the new CHANEL Culture Fund, the project will support research on overlooked stories of individual women who have shaped British history and culture. Commissioning new portraits of contemporary women and the acquisition of portraits of historically significant figures will be an integral part of the project that will significantly enhance the representation of women artists and sitters on display at the Gallery when it re-opens in 2023.

Important acquisitions and strategic commissions completed in 2020 enhanced the Collection, including a self-portrait by the pre-eminent miniature painter Sarah Biffin, an artist born without arms or legs; the Madame Yevonde Vivex negative archive comprising 2500 sets of tri-part negatives made in the 1930s by the pioneering photographer; and a painted portrait commission of Baroness Doreen Lawrence by Thomas Ganter. The works will fill critical gaps and will form a key part of the redisplay for *Inspiring People*.

### **Extending International Reach**

Despite significant changes to the movement of works arising from the UK's exit from the EU and severe restrictions to international travel, the Gallery delivered an exceptionally strong international programme in 2020-21 comprising five international exhibition openings across China, Australia, the UAE, the U.S. and France. At a time when many museums were forced to temporarily close their doors, thanks to the commitment of partners and resourcefulness of Gallery staff, some of the most celebrated portraits in the Collection were enjoyed by an estimated 150,000 visitors around the world – a significant achievement in a very challenging year. The exhibitions strengthened cultural links with major international institutions enabling the Gallery to continue to inspire during the redevelopment of its London home. Foreign language publications were launched to complement these tours.

The Digital strategy focused on content and reach, encouraging deeper engagement with audiences across the globe through daily posts and updates that responded to current events, including a series of interviews with inspiring contemporary women such as Dame Sarah Gilbert DBE, the lead professor behind the Oxford Covid-19 vaccine, and live events and podcasts as part of Black History Month and LGBTQ+ History Month.



## ***The Gallery's response to the pandemic***

Emergency planning arrangements were put in place following the Gallery's closure in March 2020, moving to remote working and implementing all the appropriate health, hygiene and distancing measures and strict protocols to keep our people safe while maintaining the security and integrity of operations with a focus on the *Inspiring People* project. We would like to thank our staff for tirelessly working throughout this period ensuring that the Gallery continues to operate and deliver its mission despite a highly challenging context.

Throughout 2020-21, the Gallery offices remained open with safety measures in place only to critical operations and the security team, while the remainder of staff continued to work from home. As the situation continues to change, the Gallery is taking a cautious approach to re-opening offices, both to minimise disruption to current working patterns and ensure that the *Inspiring People* project continues to progress unimpeded.

A time-limited Covid-19 Response Group comprising Trustees and senior Gallery staff was formed in March 2020 to consider financial scenario planning and the Gallery's broader response to the pandemic and advise senior management and the Board. In its response, the Gallery tried to balance short- to medium-term priorities with the long-term view, responding to the immediate, urgent needs while planning for a future beyond the pandemic in the context of the *Inspiring People* project and the re-opening of the National Portrait Gallery in 2023.

In the short term, the strategy focused on safeguarding our people and the Collection and managing cashflows through disciplined action to mitigate the loss of self-generated income as a result of early Gallery closure in March 2020. Planned closure from June 2020 had meant that the Gallery was operating below agreed reserve policy levels, as reported in 2019-20, before the impact of the pandemic on operational income streams was taken into account and significant short-term measures were needed to ensure continued resilience and that the Gallery's long-term ambitions are not compromised. Implementing cost-saving measures such as a temporary recruitment freeze, removing travel budgets and detailed expenditure reviews and the speed with which they were taken helped minimise disruption to operations and loss of roles in the long term.

The Gallery is grateful for the emergency funding support of £1.6m provided by the DCMS to help mitigate the immediate impact of the pandemic. The reduction across income streams during this period has meant that activity had to be reviewed and reprioritised, and access to the Government's Job Retention Scheme in areas where operational requirements temporarily changed provided a lifeline for the Gallery.

Alongside responding to the immediate challenges, the strategy has focused on planning for the relaunch and building for the future, with an emphasis on establishing a refreshed roadmap for the long-term success of the Gallery and its overall strategic direction to 2030. As the world emerges from the pandemic, the Gallery has a significant role to play in reinvigorating civic life and rebuilding confidence and trust by providing a space that encourages questioning and social interaction and developing a programme that aims to reach broader and more diverse audiences. The move to a digital-first model during the lockdown accelerated innovation and broadened the Gallery's national and international reach. Continuing to transform the museum experience and engaging and inspiring audiences by developing new ways of delivering access to the Collection and our programmes will remain at the heart of our strategy.

The long-term success of the Gallery is underpinned by a robust financial position. Income and expenditure streams during the redevelopment period will remain significantly different to normal operating conditions. To mitigate against future challenges and ensure that the Gallery is well positioned to deliver a world-class programme of activities from 2023, it is vital that the Gallery has sufficient reserves and where possible will make surpluses to add to the reserves position. The Trustees reviewed and updated the Gallery's Reserves Policy in May 2021.

## ***Delivering on our strategic objectives***

2020-21 has been an extraordinary year. The Covid-19 pandemic has had an unprecedented effect, causing significant social and economic disruption and significant loss of human life across the globe. The level of change brought by the pandemic has meant that the Gallery had to reassess its priorities for the year to mitigate the loss of self-generated income as a result of early Gallery closure in March 2020.

The UK's exit from the EU at the end of 2020 brought additional challenges to the Gallery's operations. Despite a challenging backdrop, and thanks to the resilience and commitment of our staff, and the generosity of our funders and wider Gallery supporters, the Gallery was able to respond to and address this unprecedented challenge, delivering a significant programme of activity in the period since April 2020 and achieving a balanced position at year-end: a truly remarkable achievement.

The following report presents the Gallery's strategic objectives, as revised by the Trustees in 2020 for the redevelopment period, and highlights of the work undertaken in the year to promote them.

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

#### **Delivering the *Inspiring People* project**

The year ended with the Gallery having made significant progress on the *Inspiring People* project. The decant of the Collection, the first time the entire Collection was taken out of the building since the Second World War, was completed in autumn 2020. Over 1,000 works were safely de-installed and transported to the Gallery's stores by the Collections Services team. As well as ensuring works could safely be moved into storage, a key part of this process was ensuring that key works were ready for onward loan so that the Collection continues to be shared as widely as possible during the Gallery's temporary closure.

The national Collection decant was swiftly followed by the enabling works which were completed at the end of 2020 when the main construction procurement equally concluded. The Full Business Case for *Inspiring People* was formally signed off by the DCMS and subsequently by Cabinet Office and the Treasury. Gilbert Ash were appointed as the main contractor and commenced work on site in January 2021, a significant project milestone.

#### **Developing an overarching, coherent interpretive scheme**

As part of the rehang of the Collection, Nissen Richards were appointed to assist with developing an interpretive scheme that integrates visitor experience, making the Collection more accessible and welcoming whilst encouraging questioning and debate, highlighting, for the first time, stories once overlooked and allowing new perspectives and people to come to the fore. At the end of March 2021, significant progress had been made towards developing the Concept Design stage following consultation with a wide range of stakeholders.

---

*Reframing narratives: Women in Portraiture*, a new three year project launched in partnership with CHANEL in March 2021, will form an integral part of the *Inspiring People* project. Through commissioning new portraits of contemporary women as well as acquiring portraits of historically significant figures, the project will significantly enhance the representation of women artists and sitters on display at the Gallery when it re-opens in 2023, highlighting the often overlooked stories of individual women who have shaped British history and culture.

---

## **Putting audiences at the heart of future plans**

Embedding the views of our audiences is key to the successful delivery of the *Inspiring People* project. An evaluation framework linking all aspects of the project to the overall aims and stated outcomes was put in place during the year. As part of this, the programme will test concepts and principles proposed for the interpretative scheme with key priority audience groups, to ensure that it delivers an experience that is relevant for younger and more diverse audiences in its final design.

To encourage a more active representation of access requirements in the new galleries, an Access Advisory Group has been set up to support the design and delivery of initiatives within the Activity Plan and accompanying resources. The Gallery has continued to seek to give a more central role to young people to shape its future and ensure that young people's perspectives are represented, consulting with the Youth Forum as part of the plans for the new Learning Centre and the future of the Young People and Students programme.

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

### **Sharing the Collection across the UK**

Strategic collaborations across the UK during 2020-21 offered opportunities for sharing the Collection with new audiences on new platforms across the UK. Despite closures of regional venues, and the postponement of the final exhibition *Moving Stories*, part of the *Faces of Change* project in partnership with the National Trust, the *COMING HOME* project continued to take portraits 'home' to venues where the sitter has a strong connection. Five works were on show to the public during the year in Wolverhampton, Chelmsford, Derby, Birmingham and Reading. Three more 'in focus' works were explored through online events and learning programmes, including Ridley Scott at the Laing Art Gallery in Newcastle and Chris Lowe at the Grundy Art Gallery in Blackpool.

### **Engaging the wider community in the art of portrait making**

Spearheaded by HRH The Duchess of Cambridge, Patron of the National Portrait Gallery, *Hold Still* was an ambitious community project launched in May 2020 with ambition to create a unique collective portrait of the UK during lockdown. People of all ages were invited to submit a photographic portrait focussing on the project's three core themes – *Helpers and Heroes*, *Your New Normal* and *Acts of Kindness*. Over 31,500 submissions were received from across the country, with entrants ranging from 4 to 75 years old. From virtual birthday parties, handmade rainbows and community clapping to brave NHS staff, resilient keyworkers and people dealing with illness, isolation and loss, 100 portraits were selected to feature in a special digital exhibition, supported by Taylor Wessing, presenting a unique and highly personal record of this extraordinary period in history.

The photographs were on display across the UK in autumn 2020 as part of a special community exhibition, and shown in a digital exhibition in the grounds of the National Memorial Arboretum during October and November 2020.

---

The **Hold Still outdoor exhibition**, supported by the Co-op, brought art to everyday life in a ground-breaking way reaching an estimated 4.9 million people. The exhibition saw the 100 selected photographs featured on 400 outdoor posters in over 80 towns, cities and communities across the UK. The images could be seen in high streets, bus stops, on a special mural in Manchester's Northern Quarter and a takeover of billboards outside Waterloo station. Many of the portraits were on display in the local communities where the entrants were from, ranging from Belfast, Liverpool and Southampton to Somersham in Cambridgeshire and Auchinleck in East Ayrshire and a selection were shown on community screens in 1,600 Co-op food stores.

---

### **Working in partnership**

Collaborating with a range of organisations across the country, the Activity Plan, a central part of the *Inspiring People* project, is supporting new ways of understanding portraiture, exploring biography and storytelling.

The *Citizen UK* programme of partnership projects continued with our four partner places, Tower Hamlets, Ealing, Croydon and Wolverhampton. Through our partnership with Tower Hamlets Local History Library & Archive, we ran a series of workshops exploring identity, power, portraiture and archives with 20 local citizen researchers led by artist Ruhul Abdin. An installation bringing together their research into the liberation of Bangladesh in 1971 and its impact on London-based Bengalis will be shown in the public realm from mid-2021.

As part of *People Powered*, a programme of partnership projects with five partner places across the UK, we worked with filmmakers Turab Shah and Arwa Aburawa and nine young people from the borough of Brent to develop *From the Ground Up* at Wembley Stadium. Through a series of workshops supporting the development of filmmaking and storytelling skills, the project will result in a series of short films that focus on Wembley Stadium and the industries and communities connected to it. The films will go on display alongside items from the Wembley Park collection held by Brent Museum and Archives, including the iconic red seats and original music posters, sharing experiences and personal accounts of the venue.

### **Broadening international reach**

2020-21 highlighted the resilience of the Gallery's international programme. With 6 exhibitions due to open in the 12 months following the beginning of the pandemic, financial and reputational risk was high. Thanks to the commitment of partners and resourcefulness of the Gallery's team, most of the exhibitions were able to proceed with only short delays.

The Gallery's tour of *Tudors to Windsors* went ahead in Tokyo, Japan, where nearly 83,000 visitors were able to see the exhibition between October 2020 and January 2021. The exhibition was due to open at the National Maritime Museum in 2020 but was postponed to May 2021 when museums and galleries re-opened following the lifting of lockdown restrictions. The Gallery's collaborative exhibition with the Etihad Museum and the British Council, *Photographs in Dialogue UAE - 1971 – UK*, opened in Dubai in September 2020 after a delay of 6 months. *Elizabeth Peyton Portraits* was also able to open in Beijing in August 2020 at UCCA, the Fondation Louis Vuitton went ahead with its version of *Cindy Sherman* in September 2020, and *David Hockney Portraits* opened at the Morgan Library in New York in October 2020. These experiences have rapidly built the Gallery's expertise in remote, virtual installations. The tour most significantly impacted by the pandemic was the *Love Stories* international tour, the start of which has been postponed to November 2021.

Overall, the Gallery's exhibitions were enjoyed by an estimated 150,000 visitors around the world at a time when international travel was highly restricted and many museums' doors were shut.

### **Supporting skills sharing and expertise**

Membership of the *Understanding British Portraits Network* continued to grow reaching over 1,300 professionals in 2020-21. The network, which aims to enhance the knowledge and understanding of

portraits in all media in UK collections for the benefit of future research, learning and curatorial programmes, held its first virtual seminar '*From Decolonial to Anticolonial: What's next for Museum Interpretation*' in November 2020. Building on the seminar and with Art Fund support, two more fellows were appointed in 2021 as part of the network's fellowship programme, which is currently in its fifth year, to work on decolonising projects relating to their portrait collections.

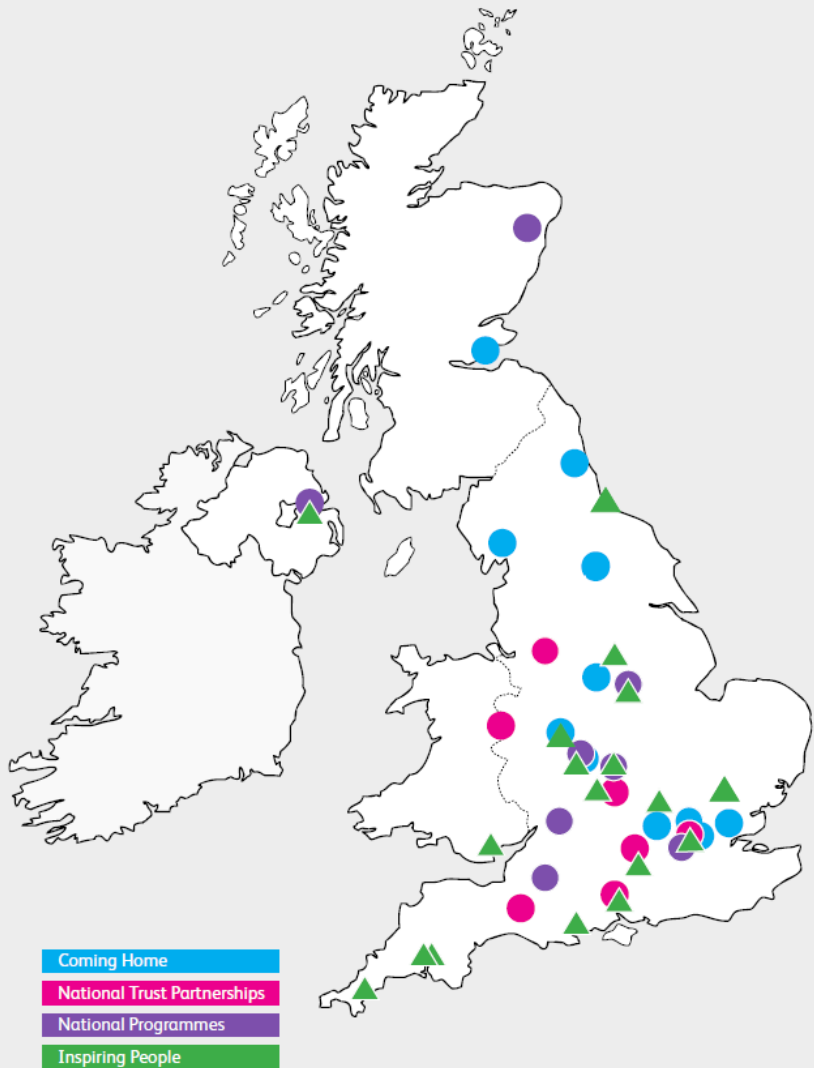
Planning for the National Skills Sharing Programme, an important part of the Activity Plan, progressed in 2020-21 across all three programme strands, cementing the Gallery's sector leadership role in this area. Following an open process in early 2021, eight more regional museum partners were recruited to join the four initiating partners extending national reach. These are Hay Castle Trust, Glynn Vivian Art Gallery in Swansea, Compton Verney Art Gallery, The Laing Art Gallery in Newcastle, Derby Museums Trust, The Beaney House of Art & Knowledge in Canterbury, Northampton Museum & Art Gallery and The Watts Gallery. The full National Skills Sharing Programme, which launched in April 2021, will equally support the delivery of the Gallery's diversity ambitions providing a platform for innovation and collaboration, training and development for museum professionals.

### **Pioneering research into portraiture**

Through its holdings and staff expertise the National Portrait Gallery is the foremost centre for the study of and research into portraiture. The Gallery continued to play an active role within the consortium of Independent Research Organisations and consolidated its Independent Research Organisation status through two projects funded by the Arts and Humanities Research Council. Gallery staff members serve as the Principal Investigator on '*Facing the Future: Imaging Solutions for a Transformed National Portrait Gallery*' supported by the Capability for Collections Fund, and as a Co-Investigator on '*Practical applications of IIRF as a building block towards a digital National Collection*', working in collaboration with the National Gallery, the British Library and the University of Edinburgh. This latter project is informed by the ongoing partnership with the Paul Mellon Centre for the Study of British Art and the Yale Center for British Art to undertake a survey of Tudor and Jacobean portraiture.

Despite the impact on research of the closure of the Public Study Room since March 2020, the Gallery's cohort of doctoral students continued to grow, with the recruitment of the first studentship through the REACH CDP consortium, which began in October 2020, and the development of collaborative projects with the University of Birmingham, Newcastle University and the National Trust.

## National Programmes Activity



## National Programmes Activity

### COMING HOME Project

*David Beckham*  
Whipps Cross Hospital,  
Leytonstone  
5 December 2019 - 1 March  
2021

*Meera Syal*  
Wolverhampton Art Gallery  
11 January 2020 – 5 April 2020

Grayson Perry  
Chelmsford Museum  
24 February – 20 September  
2021

Florence Nightingale  
Derby Museum  
3 March 2020 – 10 January  
2021

Ridley Scott  
Laing Art Gallery, Newcastle  
1 April 2020 - 3 March 2021  
(virtual loan)

Malala Yousafzai  
Aston Hall, Birmingham  
7 October 2020 – 7 February  
2021

Richard III  
The Yorkshire Museum, York  
(postponed to July 2021)

Zaha Hadid  
Maggie's Centre, Kirkcaldy  
(cancelled)

Paul Robeson  
Reading Museum, Reading  
20 October 2020 - 30 January  
2021

Mary Seacole  
The Brent Library and Archive  
4 January - 12 March 2021  
(virtual loan)

Chris Lowe  
Grundy Art Gallery, Blackpool  
11 January - 7 March 2021  
(virtual loan)

### National Trust Partnership

Montacute House  
(ongoing)

*Moving stories*  
(planned but canceled due to the  
pandemic)

Mottisfont Abbey  
Hampshire  
2 May – 5 July 2020

Basildon Park  
Berkshire  
18 July – 20 September 2020

Hughenden Manor  
Buckinghamshire  
2 October – 27 November 2020

### National Programmes

National Gallery  
Ongoing

BP Portrait Award 2019  
Ulster Museum, Belfast  
3 April – 14 June 2020  
(cancelled)

*Tudors to Windsors*  
Royal Museums Greenwich,  
National Maritime Museum  
3 April – 31 August 2020  
(postponed to May 2021)

*Cecil Beaton's Bright Young  
Things*  
Millennium Gallery, Sheffield  
25 June – 18 October 2020  
(postponed to May 2021)  
The Wilson, Cheltenham  
14 November 2020 – 28 February  
2021  
(cancelled)

BP Portrait Award 2020  
Aberdeen Art Gallery  
10 October 2020 – 24 January  
2021  
(cancelled)

**INSPIRING PEOPLE Project**  
(Projects cover the full *Inspiring  
People* project period)

**National Skills and Knowledge  
Exchange Programme:**  
(12 Programme Partners)  
Initiating Partners in 2020:  
Ulster Museum, Northern Ireland  
Nottingham Castle, Nottingham  
The Box, Plymouth  
Gainsborough's House, Sudbury

**Creative Connections 2020-2023:**  
Herbert Art Gallery and Museum,  
Coventry  
Newlyn Art Gallery,  
Penzance  
Sheffield Museums and Galleries  
Southampton City Art Gallery

**Citizen UK:**  
Museum of Croydon  
Ealing Local History centre  
Tower Hamlets Local History Library  
& Archives  
Wolverhampton City Archive

**People Powered:**  
University of West London,  
Hillingdon  
Brent Museum  
Redbridge Museum  
Elstree Film Studios, Hertfordshire  
Middlesbrough Institute of Modern  
Art

**Faces and Places 2020-2023:**  
Camden, Westminster, Brent,  
Lambeth, Barking and Dagenham,  
Tower Hamlets, Lewisham

**Photographic Portrait Now:**  
Plymouth University, UCA Farnham,  
University of South Wales, Cardiff  
Arts University Bournemouth  
London South Bank University

Map reflects the full spectrum of national programmes activity developed in 2020-21. The timeline for delivering some of this activity has been reviewed as a result of the pandemic.

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

#### **Encouraging sustained audience growth**

##### Schools and Families Programme

During the redevelopment period, schools continue to engage with the Collection through a new outreach programme, *Faces and Places*, online events and digital resources developed around the Gallery's exhibitions.

As part of *Faces and Places*, a programme delivered across seven London boroughs as part of the *Inspiring People* project, seven schools have been invited to create a resource box specific to each borough containing portraits of ten people associated with that locality. In 2020, engagement with Brent schools began, with online resources and activities created to encourage students to actively explore artists and artworks, expand their knowledge of local history through the Gallery's Collection and be inspired to create their own artistic responses.

Sixty schools from all over the UK joined the 'Meet the Artist' online event which gave secondary school and sixth form students the opportunity to hear directly from artists Silvia Rossi and Ryan Prince selected for this year's Taylor Wessing Photographic Portrait Prize about their photographic practice and personal journey to becoming a creative professional.

Digital learning resources and activity packs were developed throughout the year to support families during the lockdown and the delivery of school activities online. To support engagement with the Taylor Wessing Photographic Portrait Prize 2020, *Seeing Me Seeing You*, a new photographic portrait digital activity pack for schools and family audiences featuring creative activities to do at home and school was launched in February 2021, in time for the half-term break. The resource highlighted selected images and artists to form a portraiture resource to inspire making, writing, creating in a range of media taking portraits from the exhibition as a starting point. Online events to support its launch included a CPD evening session for teachers with guest speakers introducing the Taylor Wessing Photographic Portrait Prize 2020 online exhibition.

A *Hold Still* exhibition learning resource and article for BBC Bitesize was written to encourage schools and young people to explore and participate in *Hold Still*. The resources encouraged young people to reflect on the portraits and personal experiences and respond creatively, providing a strong platform to increase the Gallery's profile during lockdown. The learning resource was created collaboratively with the National Memorial Arboretum and was made available digitally on both organisations' websites and printed for the outdoor exhibition at the National Memorial Arboretum.

##### Young People's Programme

Engaging with young people is at the heart of *Inspiring People* and the Gallery continued to deliver its Young People's Programme throughout 2020-21 online, with monthly Youth Forum meetings.

Topics included reviewing the Taylor Wessing Photographic Portrait Prize 2020, meeting with prize winning artist Alys Tomlinson, and taking part in a monoprint workshop led by Gallery Educators. The @NPGYouth Instagram account reached 1000 followers and actively posts resources for young people and highlights of Youth Forum meetings.

##### Hospitals Programme

The year brought new challenges for the Hospitals Programme and creative solutions were developed in response to the pandemic. During lockdown, we reviewed our plans to better support and provide suitable content for families isolating at home as well as children even more isolated during this period in their hospital beds. New online resources were created for children and young

people in hospitals and wider gallery audiences, including 12 new instruction videos and 48 extension activities designed to support and enhance the existing activity book, *Playful Portraits*.

A new model of remote delivery was trialled in December – a live Zoom sculpture workshop with children in Great Ormond Street Hospital for Children supported by Play Therapists, Play Specialists and parents by the bedside. Since December 2020, we have fully embraced digital platforms as a way of reaching isolated patients, moving live face-to-face sessions onto digital platforms. In total, 11 workshops with 86 participants were run between Christmas 2020 and April 2021.

---

*Champions of the World, our new four-year project launched in November generously supported by Delancey increased arts provision to five children's hospitals, extending the programme's reach. In addition to continuing our valuable work providing art workshops to children in our existing partner London hospitals – Great Ormond Street Hospital for Children, Evelina London Children's Hospital, The Royal London Hospital and Newham University Hospital – a new partnership was developed with Chelsea and Westminster Hospital, the first UK hospital to lay an arts and design manifesto into its very foundations. Through our partnership with CW+, the official charity of the hospital, all digital resources have been made available to patients via their bedside monitors and the team have reported a high uptake and interest.*

---

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

##### **Acquisitions**

The growth of the Gallery's Collection is fundamental to our work and a number of important portraits were acquired over the course of the year, expanding its remit and filling critical gaps. These will form a key part of the redisplay for *Inspiring People*.

With generous support from the Portrait Fund, the Gallery acquired a self-portrait by the miniature painter Sarah Biffin, an artist born without arms or legs who made a career as an independent painter of miniature portraits. Another funded acquisition was *Fergus*, a film portrait of British chef and restaurateur Fergus Henderson by American filmmaker T.J. Wilcox, purchased with support from Sadie Coles HQ and anonymous donors. The Gallery also received as a gift, Milein Cosman's painting on newspaper of John Heartfield, the German graphic designer who came to Britain in the 1930s where he became known for his anti-Fascist photomontage. The portrait will join the group of prints and drawings of cultural figures by Cosman that were gifted last year. A double portrait of art dealers Leslie and Clodagh Waddington by Peter Blake was allocated to the Gallery through the Acceptance in Lieu Scheme.

##### **The Photographs Collection**

Primary collection gifts included *Me as Julia Margaret Cameron and two muses*, by Gillian Wearing, generously presented by Maureen Paley; and a portrait of actor Michael Gambon by Richard Learoyd, a gift of the artist.

A key highlight in 2020-21 was the Primary collection acquisition of two important British daguerreotypes – a rare image depicting an early photographic studio in London possibly by Jabez Hogg or an associate and a portrait of photographic pioneer and ophthalmologist Jabez Hogg by Richard Beard studios, both purchased with support from the Portrait Fund.



---

*Madame Yevonde's Vivex negative archive comprising 2,500 sets of tri-part negatives made in the 1930s by Yevonde, was a landmark acquisition. Generously supported by the Portrait Fund, the acquisition complemented the Gallery's existing holdings of Yevonde's colour portrait prints and consolidated its role and reputation as the centre for learning about this pioneering photographer. Enhanced access to archival material will offer abundant potential to discover unseen work to reassess Yevonde's oeuvre.*

---

The Reference collection was enhanced with some unique photographic works including a group of four photographs of 80s music figures by Janette Beckman - The Specials, The Selecter, The Marine Girls (Tracey Thorn, Gina Hartman and Jane Fox) and Laurel Aitken; a portrait of British Jamaican photographer Vanley Burke by Pogus Caesar; Dame Agatha Christie and her daughter Rosalind Christie by Bertram Park; actress Gladys Cooper with her children by Marcus Adams; and the photographic book Street Life in London by John Thomson and Adolphe Smith.

### **Strategic Commissions**

A number of strategic commissions progressed albeit at a slower pace with a painted portrait commission of Baroness Doreen Lawrence by Thomas Ganter funded by BP completed in 2020.

### **Caring for and Cataloguing the Collection**

The main focus this year was preparing for the decant of the displayed national Collection. Every single one of the Gallery's collection care procedures had to be painstakingly reviewed and re-designed in line with Government guidelines, to minimise the risk of virus transmission and ensure the safety of staff. Thanks to the dedication, skill and expertise of the Collections Services team, the project was successfully completed in November 2020. The project offered opportunities to explore innovative approaches, improve and streamline collection care processes and share knowledge and expertise in new ways: its powerful legacy will continue to shape our plans for the relaunch and re-installation of the national Collection in 2023.

The pandemic, as well as the need to prioritise the decant of the national Collection, has hindered our ability to work more closely with the Collection during the year and the priority for 2020-21 has been to ensure all new acquisitions have been accessioned at the time they are accepted – a target successfully maintained.

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

Activity during the year was significantly impacted by the pandemic, accelerating the move to digital as our prime communication channel for actively engaging with audiences.

### **Delivering online content**

The Gallery's website attracted a record-breaking 6 million visits, up 9% year on year, with 21 million page views, an extraordinary increase of 25% despite the loss of 'What's On' traffic. Much of this was due to the popularity of *Hold Still* but also the performance of the Collection pages, which accounted for 57% of all visits, with over 1,500 'Tell us More' comments submitted by the public.

In the wake of the pandemic, the BP Portrait Award and the Taylor Wessing Photographic Portrait Prize 2020 became online exhibitions replicating virtually the Gallery experience and engaging with audiences in unique, innovative ways. The high visitor numbers and sustained level of engagement with these projects allowed interpretation to move 'beyond the Gallery' in a significant way. The BP Portrait Award received 233,368 virtual visitors, exceeding its target of 100,000, with 10,539 votes cast for the Visitor's Choice, which generated 9% growth in monthly e-news subscribers. 151,201 users engaged with the Taylor Wessing Photographic Portrait Prize accounting for over 428,000 page views.

Digital innovation continued to inform our approach to creating immersive digital experiences for audiences navigating the Collection online and in March 2021, the world's first voice interactive digital portrait, *In The Room With Nile Rodgers*, launched on our website. Developed by Forever in association with the Gallery, this innovative and uniquely compelling experience enables users to virtually interact with the music icon one-to-one in an intimate and authentic setting, in a way that opens up a vast range of new possibilities for access to learning and engagement. 'Gallery from Home' content was created to showcase the resources available for audiences during the lockdown periods including films, online games and learning activities for children, art workshops and a range of ways to view the Collection such as virtual themed tours and 360° sculptures.

Our social media channels now reach over 1.6 million followers, a 14% increase over the past twelve months. As well as daily posts and updates, a wide variety of engaging content was created throughout the year including a live in-conversation between photographer Olivia Rose and Game of Thrones actor Maisie Williams; a series of interviews with inspiring contemporary women such as the founder of MOBO, Kanya King and Dame Sarah Gilbert, DBE the lead professor behind the Oxford Covid-19 vaccine. For Black History Month we promoted 'new voices' working with art historian, Alayo Akinkugbe and activist, Sophie Williams and for LGBTQ+ History Month we invited the hosts of the Talk Art podcast, Russell Tovey and Robert Diament, to reflect on the Collection.

### **Communicating our impact**

Marketing campaigns for the BP Portrait Award 2020 and the Taylor Wessing Photographic Portrait Prize 2020 were adapted to be entirely digital. The strategy focused on deepening audience engagement and reach, creating engaging, captivating content, such as exhibition trailers, 'live' winners announcements and artist and sitter interviews, to appeal to a wide range of audiences. Social media campaigns significantly increased traffic to the website with the BP Portrait Award driving more than 98,000 people to the main Gallery website.

The campaign around the Gallery closure was created with the audiences unable to make a last visit before the unexpected closure in March 2020 in mind. The campaign included a 'final look' film featuring a poem by Ben Okri and a partnership with Classic FM that saw musicians performing in the empty galleries. Ongoing messaging about *Inspiring People*, such as a time-lapse film of the decant process, a new visual identity for the Activity Plan and staff blogs complemented this activity.

*Hold Still* generated an unprecedented volume of press coverage with stories in every major national newspaper from The Times to The Daily Star and on all TV news outlets including BBC Breakfast, Channel 5 and Sky News, as well as an exclusive interview with HRH The Duchess of Cambridge on ITV's This Morning. Features ran in a wide variety of publications for example, The British Medical Journal, Big Issue, The Week Junior, Hello and Vogue. The story was also covered extensively by regional press and radio stations who interviewed photographers and sitters from their area.

A series of events supported the launch of the Gallery's partnership with the CHANEL Culture Fund, *Reframing Narratives: Women in Portraiture*. The CHANEL Curator for the Collection, Dr Flavia Frigeri conducted five live interviews with pioneering women on the Gallery's social media accounts and created a series of London Walking Tours, dedicated to exploring the stories of pioneering women that lived and worked in London.

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

### **Ensuring robust financial planning**

The pandemic has presented significant challenges, but the Gallery adapted to new ways of working and stewarding and building relationships with donors to ensure they remain engaged with our work. Operational costs were cut as much as possible in 2020-21 to match our income and activity in some

areas whilst maintaining the level of resources needed to deliver the *Inspiring People* project and be well placed to re-open a world-class museum to the public in 2023. The project has a comprehensive fundraising strategy in place through which it has been able to secure a number of additional high value pledges during the year.

### **Securing public and private sector support**

The Gallery remains reliant on the generosity of individuals, public bodies, foundations and corporate sponsors in order to continue its work. We are extremely grateful to those new and loyal supporters who have contributed to the Gallery over the last 12 months, against a very challenging background. We are indebted to those who have pledged funds towards *Inspiring People* over the last year; their support is playing a key part in our future plans.

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

Individual donors have made significant contributions to support exhibitions, acquisitions and commissions as well as donations to the *Inspiring People* project. The acquisition of Toyin Ojih Odutola's portrait of Zadie Smith, *Sadie*, was made possible with the generous support of Zekiye Cingillioglu.

Patrons have continued to renew, and the Gallery welcomed two new Patrons in 2020-21. The ongoing effects of the pandemic resulted in slower growth than anticipated due to a much changed fundraising landscape and some of our Patrons choosing to temporarily realign their philanthropy. However, we remain positive about the pace of recovery and have already seen some Patrons return, thanks to cautious optimism around the UK vaccine rollout. The Patrons' Events Programme has been hosted virtually in light of the ongoing pandemic and has been well received by supporters. Highlights included a virtual studio visit with artist Johnny Yeo; 'A Zoom with a View' with Chief Curator, Dr Alison Smith, who discussed a personal selection of portraits from our Collection; and a talk around the Gallery's touring exhibition *Love Stories: Art, Passion & Tragedy* hosted by Dr Lucy Peltz, Head of Collection Displays (Tudor to Regency) and Senior Curator 18th Century Collections.

#### Membership

Membership stood at 9,674 at the end of March 2021, with an overall retention rate of 75% - a significant achievement given that the Gallery's main home is currently closed to the public. Members have continued to renew, encouraged by the revised proposition for membership to 2023. While New Members' acquisition has been heavily impacted by the temporary closure and the pandemic, income generated has exceeded the initial target. Most benefits have been delivered virtually through online events and collaborations with different partners.

#### Charitable Trusts and Foundations

Generous support was received from charitable trusts and foundations towards the *Inspiring People* project. The Clore Duffield Foundation continued to make a significant contribution towards the Learning programme, and during the year we received a significant gift from the Rothschild Foundation. The Art Fund continued its generous support with a Curatorial Network Grant for *Understanding British Portraits*.

#### Legacies

Legacy fundraising is a growing area for the Gallery, and in 2020 we continued to find ways of promoting this lasting way of supporting our work. We were very grateful to receive legacies from Stanley Herman and Harry Frank Rose.

#### Corporate Support

Over the course of 2020-21, focus has been on retaining and firming up our partnerships with Taylor Wessing on the Taylor Wessing Photographic Portrait Prize and as a sponsor for *Hold Still*; renewing our partnership with Delancey for the Hospitals Programme; and establishing the partnership with CHANEL which launched successfully in March 2021. New partnerships included a pop-up display staged with Disney+ at the end of 2020.

## **Maximising commercial opportunities**

The impact of the pandemic on trading performance was varied, with catering most heavily impacted due to early Gallery closure in March 2020.

### Publishing

Publishing continued to develop in 2020-21 across three main product streams: collection titles, exhibition catalogues and paper products. Sales of *David Hockney: Drawing from Life* and *Cecil Beaton's Bright Young Things* exceeded expectation in the Trade during the year. New publications included *Love Stories* and *Icons and Identities* to accompany touring exhibition. In addition, the team worked on foreign language publications for tours, including *Photographs in Dialogue* for the Etihad Museum, *King & Queen* for Tokyo Shimbun, and Elizabeth Peyton for UCCA, Beijing.

### Rights & Images

Picture library and brand licensing revenue was initially significantly impacted by the pandemic as a result of the publishing and retail sectors experiencing significant uncertainty but sales recovered as the year progressed. Using works from the Gallery's collection, a new licensee, Graham & Brown wallpaper, is developing a new range of print on demand murals with a contemporary twist. Internationally licensing activity has been strongest in Asia where we worked in 2020-21 on several clothing and cosmetic ranges for the Chinese market.

### Retail

An ambitious ecommerce strategy was put together to support digital revenue growth with the Gallery's first dedicated ecommerce manager appointed in September 2020. A key focus in 2020-21 was the Christmas range as well as a collaboration with Ron Arad to mine the Gallery's collection for a unique facemask range. Sales from the online shop were significantly up on the last financial year despite the Gallery being closed to the public. Print sales were delivered via Art UK while the shop was forced to close while Print on Demand was brought back to an in-house operation, with over 138,000 images now available for sale.

### Catering

The catering at the National Portrait Gallery was run as a concession by Company of Cooks whose contract came to an end in June 2020.

## **The National Portrait Gallery Company Limited**

Online retail was the only activity of the National Portrait Gallery Company Limited in this financial year. Catering and Events Hire are not taking place during the closure of the Gallery for the *Inspiring People* project. From April 2021 Publishing and Rights & Images will be part of the Trading Company. The Trading Company made a small loss in 2020-21 and is budgeting a surplus in 2021-22.

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

### **Putting people at the heart of what we do**

The National Portrait Gallery aims to promote a sense of ownership and involvement for all those who work and contribute towards its success and this is a key element of creating a high performing and diverse workforce. A range of formal and informal mechanisms operate to inform, engage, involve and gather ideas and feedback from employees. These were adapted over the last year in response to the new and different ways of working as a result of Covid-19 pandemic and the move to homeworking for the majority of employees.

During the pandemic, employees' mental and physical health and wellbeing was supported through a range of tools, including regular pulse surveys and a refreshed approach to internal communications. To promote engagement and to understand any concerns that staff had, we initiated a staff survey in the summer which resulted in a 70% response rate. As a result of this survey we established an internal communications group with members representing each team across the Gallery. This has strengthened internal communications and has encouraged a more planned and co-ordinated approach. Another action arising from the survey was to re-establish an Accommodation Group, tasked with progressing the Gallery's Accommodation Strategy, which has been developed in response to the reduction in office space as a result of the *Inspiring People* project. A further pulse survey undertaken in February 2021 achieved a 70% response rate and resulted in very positive feedback. We will continue to undertake pulse surveys quarterly throughout 2021-22.

The Gallery intranet became a key source of information and updates to staff over the course of the year on a range of issues including our response to the pandemic, Covid-secure working arrangements, and health, wellbeing and educational resources, as well as general organisational updates, including on our *Inspiring People* project. Regular all staff briefings resumed in the Autumn with two general all staff updates and a further two focused sessions, on the Curatorial aspects of *Inspiring People* and Data Protection.

The National Portrait Gallery recognises three trade unions: First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. The trade unions negotiate pay and pay-related conditions of service for all employees. We have met with the unions monthly throughout the year and have maintained strong and effective relations, supported by informal consultation at an early stage, clear and timely communications to staff and meaningful formal consultation.

### **Investing in developing a diverse workforce and progression routes**

A broad range of induction training was provided to support new staff across all areas of the Gallery. In total over 1000 courses, conferences, seminars and specialist training events have been completed via our e-learning system or attended in person or remotely by staff across the Gallery. These courses included Managing a High Performance Team, Cyber Awareness and Staying Safe Online, and Advanced Data Protection training. The e-learning system is also available for staff to use in their own time for personal and self-development on non-work-related subjects.

The Gallery offered a total of seven PhD, masters and degree-led placements within the Curatorial and Learning departments.

The pandemic hindered the delivery of our Volunteer programme which was launched towards the end of 2019-20 and opportunities to develop a remote Volunteer programme, reflecting the move to agile ways of working, are being explored.

We also continue to support three employees undertaking Apprenticeships that commenced last year and have offered one further ILM Apprenticeship, commencing in May 2021.

The National Portrait Gallery is committed to becoming a truly inclusive organisation with a workforce and audience that represents the communities it serves. The Gallery runs a 'blind' recruitment process, ensuring that those involved in recruitment decision-making processes do not have access to candidates' personal details. The Gallery is part of the Disability Confident Scheme, and is currently at Stage 2 of the scheme with plans to reach Stage 3 during 2021. The Gallery has, during the year, reviewed the categories used for Equal Opportunities Monitoring and has updated these in line with the Census and good practice guidance.

In addition, we have continued to develop our approach towards equality, diversity and inclusion in consultation with our Equality Steering group and with their input, have revised the terms of reference

for the Group to ensure that we continue to focus on issues that are important to them and to the Gallery as a whole. The Steering Group plays an important role in helping the National Portrait Gallery achieve its objectives by improving decision making and working towards a more inclusive culture.

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

**Composition of the Gallery’s workforce (as at 31 March 2021)**

	2018-19	2019-20	2020-21
<b>HEADCOUNT</b>	284	265	143
<b>FTE</b>	236.32	218.54	127.23
<b>DIVERSITY</b>			
White	83.5%	80.7%	83.2%
Other than White	11.0%	13.9%	11.9%
Did not wish to provide	5.5%	5.4%	4.9%
<b>GENDER*</b>			
Male	29.7%	27.9%	26.6%
Female	70.3%	71.7%	73.4%
<b>STATUS</b>			
Part-time	35.5%	37.4%	32.9%
Full-time	64.5%	62.6%	67.1%
<b>DISABILITY</b>			
Yes	2.2%	1.9%	2.03%
No	97.8%	98.1%	97.97%

*\*2019-20 – 0.4% of staff preferred not to say*

During 2020-21 the Gallery progressed the Workforce Change Programme to reduce the workforce. This was a result of the decision to close the Gallery during the *Inspiring People* refurbishment works, with 109 employees leaving on the grounds of redundancy at the end of June 2020 and a further seven by end of March 2021. The Programme was delivered to timetable in close consultation with managers and the Gallery’s recognised unions, and the reduced workforce reflects the lower level of Gallery activity taking place during closure. As a part of this programme, a secondment was arranged for one staff member and career breaks were agreed for three staff members as alternatives to redundancy. The Gallery plans to expand recruitment in preparation for re-opening in 2023.

## ***Future Developments***

### ***Inspiring People Project***

The *Inspiring People* project provides the strategic blueprint to deliver the National Portrait Gallery's ambitions and corporate objectives. It will do this by delivering two complementary strands, the capital works and the Activity Plan, an enhanced programme of activities across the UK.

#### The capital works will deliver:

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

Gilbert Ash were appointed as the main contractor in late 2020 and work commenced onsite in January 2021.

Construction is scheduled to complete in October 2022 and the Gallery is due to re-open in 2023. A key priority in 2021-22 will be to ensure that the building work keeps to time and budget and that key project risks are effectively managed.

#### The Activity Plan will deliver:

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

The Gallery has a major role to play in championing diversity and inclusion by working with groups that are currently under-represented to break down barriers to access and increase participation. The Activity Plan provides a once-in-a-generation opportunity to transform our way of working with and developing audiences.

The work delivered in the Activity Plan will create regional displays and exhibitions, produce digital content and resources and inform future thinking in learning and engagement. All partners who have agreed to participate in the Activity Plan remain committed to the project. As the world begins to emerge from the crisis, timetables will be reviewed and updated and some of the activity, such as conferences for the National Skills Sharing Partnerships programme, will be delivered virtually in 2021.

### **Enhancing access to the Collection**

Throughout 2021-22, curators will continue to work closely with Nissen Richards, the appointed Interpretation Designers, on the rehang and thinking will be further informed by an extensive consultation programme. Placing people at the heart of our plans to tell a richer story about British culture and history, the re-display and re-interpretation of the Collection will encourage questioning and debate, highlighting stories once overlooked and allowing new perspectives to come to the fore.

Research will continue to underpin curatorial work towards *Inspiring People* through the doctoral studentship programme and partnerships with Higher Education Institutions and other Independent Research Organisations. The CHANEL-funded project on missing narratives around women, will run in parallel to *Inspiring People* with the aim of decreasing gender disparity across the Collection.

Alongside growing and diversifying the Collection and developing a comprehensive interpretation scheme, the Gallery will continue to explore digital advancements and how these woven through exhibits could enhance the intimacy and authenticity of the visitor experience and deepen engagement while making the overall visitor journey more inclusive.

The concept design stage for interpretation will be completed in May followed by the developed design stage in September 2021, before moving on to technical development.

### **Planning for the relaunch**

Projects which are outside of the scope of the *Inspiring People* Project but are essential for re-opening are now in progress. A crucial part of this is an update of the Gallery's Vision and Values leading to a re-brand which is due for completion in spring 2022.

Every stage of the visitor journey will be reviewed and updated, including the visitor welcome, the facilities on offer and how ticketing and queues are managed. As part of this, we will review all staff roles and processes to support the new visitor experience.

The *Inspiring People* Project represents a unique opportunity to have unimpeded access to key works that would otherwise normally be on public display. The Conservation team will capitalise on the Gallery's temporary closure to treat many iconic works, including meeting the public need to display more works on paper and time-based media upon re-opening. This will ensure the Gallery's works will look their best for re-opening, or if required for short term loan during closure.

During the redevelopment period, much of the focus will remain on maximising opportunities for self-generated income, including further development of ecommerce, with a particular focus on custom prints and the Gallery's extensive collection, capitalising on touring exhibitions and licensing and working on the commercial offer for re-opening to ensure an increase in secondary spend.

A significant amount of research has gone into the catering offer and procurement will commence in spring 2021 for catering providers for the Portrait Restaurant and East Wing cafes along with a designer for the re-fit of the shops. The Portrait Restaurant will remain in its existing location and there will be newly refurbished catering spaces in the East Wing. New product lines will be researched and developed ahead of re-opening.

Alongside the building works, we will develop a new accommodation strategy in preparation for staff return to the office in a phased manner, ensuring that the right structures and systems are in place to support a permanent move to flexible working.



## Performance indicators

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

### Performance indicators

	<b>Actual 2021 000s</b>	Actual 2020 000s
<i>Access</i>		
Number of actual visits	-	1,542
Number of unique users visiting the website	<b>6,044</b>	5,545
<i>Audience profile</i>		
Number of visits by children under 16	-	108
Number of overseas visits	-	648
<i>Learning / outreach</i>		
<i>Children</i>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	-	34
Number of instances of visitors under 18 participating in on-site organised activities	-	2
<i>Visitor satisfaction</i>		
Percentage of visitors who would recommend a visit	<b>n/a</b>	99%
<i>Income generation</i>		
Exhibitions income (admissions and other exhibitions related income)	<b>1,987</b>	3,933
Trading net (loss)/profit	<b>(31)</b>	620
Fundraising (including capital)	<b>6,454</b>	6,008
Ratio of Fundraising to Grant in Aid	<b>0.7:1</b>	0.6:1
<i>Regional engagement</i>		
Number of UK loan venues	<b>69</b>	100

Visitor figures at the National Portrait Gallery were nil in 2020-21 (1.5 million in 2019-20), due to the closure of the Gallery initially as a result of the Covid-19 pandemic, and then for the *Inspiring People* project. The number of unique users visiting the website has increased to 6.04 million in 2020-21 (5.5 million in 2019-20) as a result of a number of content projects, such as *Hold Still* and the Taylor Wessing Photographic Portrait Prize which have driven traffic.

The increase in fundraising income reflects the receipt of donations for the *Inspiring People* project. Exhibitions income has been lower in 2020-21 as a result of the closure of the Gallery. Trading net profit has been impacted by Gallery closure and trading conditions were impacted by Covid-19 from April to June 2020.

## Sustainability

### Operations & Sustainability

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

### Greenhouse gas emissions

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

Overall, the National Portrait Gallery's carbon emissions for Scopes 1 and 2 have reduced by 37% since the baseline year. A number of energy-saving interventions have been made across the estate since 2014-15. Sustainability is an important issue for the National Portrait Gallery, which is demonstrated by an on-going programme of upgrade works, carried out as part of its regular maintenance regime. As part of this programme of works, a significant amount of the existing lighting within the building has already been converted to LED lighting, and out-dated & obsolete controls are being replaced over time with modern, more efficient controls.

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

### Greenhouse Gas Emissions

		Base yr. 2014-15	2018-19	2019-20	2020-21*	% change on base year
Greenhouse Gas Emissions (tCO <sub>2</sub> e)	Scope 1 & 2					
	Scope 1 (direct)	541,034	596,174	715,917	787,649	46%
	Scope 2 (indirect)	1,310,780	875,022	855,670	377,716	-71%
	Total scope 1 & 2	1,851,814	1,471,196	1,571,587	1,165,366	-37%
	Scope 3					
	Business Travel Emissions*		81,668	61,844	397	n/a%
	Total scope 3		81,668	61,844	397	n/a%
	<b>Total Scope 1 - 3</b>	<b>1,851,814</b>	<b>1,554,244</b>	<b>1,633,431</b>	<b>1,165,762</b>	<b>-37%</b>
Energy Use (kWh)	Electricity (renewable)	0	0	0	0	
	Electricity (non-renewable)	2,652,006	2,722,541	2,556,561	1,620,127	-39%
	Gas	2,924,933	3,219,338	3,865,953	2,681,373	-8%
	<b>Total kWh</b>	<b>5,576,939</b>	<b>5,941,879</b>	<b>6,422,514</b>	<b>4,301,500</b>	<b>-23%</b>
	<b>Total kWh per visitor</b>	<b>3</b>	<b>3.83</b>	<b>4.16</b>	<b>n/a</b>	
Expenditure (£)	Electricity	281,474	276,954	273,584	187,032	-34%
	Gas	98,087	72,770	85,863	60,697	-38%
	Business Travel	15,886	24,727	34,504	1,032	-94%
	<b>Total Expenditure</b>	<b>395,447</b>	<b>374,451</b>	<b>393,951</b>	<b>248,761</b>	<b>-37%</b>

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

## Waste and finite resources

During 2020-21, the National Portrait Gallery has continued to make some progress in waste management. The Gallery is now working with a full recycling service, which allows the separation of glass, food and mixed recyclables. Overall production of waste has decreased by 74% from the baseline year, which, whilst partly due to the closure of the Gallery from March 2021 onwards, is also due to a significant increase in waste being recycled/reused and 100% of food waste being composted using an anabolic digestion process which, when complete, returns the waste to crops as fertiliser. The remaining waste was diverted to an incineration plant, where it was used to generate electricity for the National Grid. During 2020-21, the main building of the National Portrait Gallery premises was emptied to facilitate the *Inspiring People* Project, creating a larger than normal requirement for bulk waste removal.

### Finite Resources, Waste

		Base yr. 2014-15	2018-19	2019-20	2020-21**	% change on base yr.
Waste (tonnes)	Landfilled*	-	5.00	8.00	0.00	n/a%
	Hazardous waste disposed	-	1.00	1.00	1.00	n/a%
	Reused/recycled	101.00	71.10	106.00	36.00	35.64%
	Composted		25.80	22.00	4.32	n/a%
	Incineration with energy recovery	119.00	49.80	34.00	16.60	13.95%
	Incineration without energy recovery	0.00	0.00	0.00	0.00	n/a%
	<b>Total Waste</b>	<b>220.00</b>	<b>152.70</b>	<b>171.00</b>	<b>57.92</b>	<b>-73.67%</b>
Spend (£)	<b>Total Waste</b>	<b>£22,977</b>	<b>£22,853</b>	<b>£33,000</b>	<b>£25,689</b>	<b>11.80%</b>

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

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

### Finite Resources, Water

		Base yr. 2014-15	2018-19	2019-20	2020-21*	% change on base yr.
Water use (m <sup>3</sup> )	Total scope 1 & 2	14,612	17,263	30,322	2,949	-80%
	Total scope 2 litres per visitor	0.007	0.011	0.019	n/a	n/a%
Expenditure (£)	<b>Water Supply</b>	<b>30,641</b>	<b>32,561</b>	<b>41,931</b>	<b>2,133</b>	<b>-93%</b>

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

## Biodiversity action planning

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

## Immunity from seizure

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

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

Over the 2020-21 period 2 exhibitions (4 in 2019-20) contained works for which Immunity from Seizure was granted, covering 7 works (14 in 2019-20). The exhibitions are listed below.

### 2020-21 Works covered by Immunity from Seizure

<b>Exhibition</b>	<b>Period from</b>	<b>Period to</b>	<b>Number of works</b>
<i>David Hockney: Drawing from Life</i>	27 February 2020 -	28 June 2020	3
<i>Cecil Beaton's Bright Young Things</i>	12 March 2020 -	7 June 2020	4
<b>Total</b>			<b>7</b>

## Financial review

In line with relevant reporting requirements, the consolidated statement of financial activities combines income and expenditure, capital (including major capital projects) and acquisitions for the Collection (including donated works of art). In terms of controllable revenue and expenditure items in the income and expenditure statement, National Portrait Gallery has delivered a surplus for the year. The Gallery continued to make efficiencies in the year and received additional support from DCMS. The surplus has increased unrestricted reserves, which were significantly less than the minimum reserves level that the Gallery requires.

The consolidated statement of financial activities on page 57 shows total income of £20,068,000 (£23,524,000 in 2019-20). Of this amount, £668,000 (£883,000 in 2019-20) was applied to the capital programme, £427,000 (£1,749,000 in 2019-20) to Collection acquisitions and £nil (£176,000 in 2019-20) to Endowment Funds. The remaining £18,973,000 (£20,716,000 in 2019-20) was applied to ongoing operations (see expenditure below).

The National Portrait Gallery received £9,410,000 of Grant in Aid (£8,575,000 in 2019-20), provided through DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £8,742,000 (£7,772,000 in 2019-20), of which £1,747,000 (£nil in 2019-20) was provided for the effect of Covid-19;
- capital expenditure grant used to support the purchase and maintenance of fixed assets of £668,000 (£803,000 in 2019-20)

The National Portrait Gallery continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £9,373,000 for the year (£14,815,000 in 2019-20). Additional income of £1,285,000 was received from the Government under the Coronavirus Job Retention Scheme. The variance in self-generated income is because of fundraising for the *Inspiring People* project and the closure of the Gallery for the *Inspiring People* project.

A loan was received from DCMS in the year to fund the forecast operational deficit during closure and cashflow for the *Inspiring People* project.

Expenditure includes the costs of generating donations and legacies, trading and other costs, investment management costs and costs of charitable activities. The consolidated Statement of Financial Activities on page 57 shows total expenditure of £16,643,000 (£23,218,000 in 2019-20). Of this amount £2,493,000 (£3,094,000 in 2019-20) was applied to the capital programme, £21,000 (£14,000 in 2019-20) to Collection acquisitions and £14,111,000 (£20,110,000 in 2019-20) was applied to ongoing operations. Expenditure directly related to Covid-19 was not significant as the Gallery entered its phase of planned closure from the end of June 2020.

The consolidated Statement of Financial Activities on page 57 also shows that in total during 2020-21, the National Portrait Gallery increased restricted funds by £4,655,000 (£2,108,000 increase in 2019-20), increased endowment funds by £402,000 (£14,000 increase in 2019-20), and reduced unrestricted funds by £21,000 (£1,822,000 reduction in 2019-20). This 2020-21 reduction in unrestricted funds was driven by the indexation of assets, which can fluctuate from year to year.

Over the past year, the National Portrait Gallery has added works of art valued at £605,000 to the Collection (£1,773,000 in 2019-20). Of this figure, £298,000 has been donated by individuals either directly or in lieu of tax (£1,643,000 in 2019-20). Funding for purchased works of art has come from many sources, including donors and self-generated income.

Reserves and funds carried forward of £141,492,000 (£136,456,000 in 2019-20) are:

<u>Reserves</u>	<b>2021</b>	2020
	<b>£000</b>	£000
Revaluation reserve	<b>57,267</b>	61,705
Capital reserves	<b>25,010</b>	22,265
Works of art reserves	<b>35,071</b>	34,466
General reserve	<b>3,046</b>	681
Endowment funds	<b>3,508</b>	3,106
Other restricted reserves	<b>17,585</b>	13,688
Other designated reserves	<b>5</b>	545
<b>Total Reserves</b>	<b>141,492</b>	<b>136,456</b>

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

### **Fixed assets**

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

Additions to tangible fixed assets during the year of £4,959,000 (£1,784,000 in 2019-20) comprise nil (nil in 2019-20) in relation to land, nil (nil in 2019-20) in relation to freehold buildings, £4,561,000 (£1,569,000 in 2019-20) in relation to the *Inspiring People* asset under construction, and £398,000 (£215,000 in 2019-20) on plant and machinery and other assets. Heritage assets comprise works of art; additions of £605,000 in the year (£1,773,000 in 2019-20) include items donated, bequeathed or given in lieu of tax to the National Portrait Gallery with an approximate value of £298,000 (£1,643,000 in 2019-20). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 10.

### **Subsidiary undertakings**

The results of the National Portrait Gallery's trading subsidiary are summarised in note 20 to the financial statements.

### **Payment of creditors**

The National Portrait Gallery aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2020-21 56% (62% in 2019-20) of invoices were settled in 30 days or less.

### **Going Concern**

The Gallery closed on 18 March 2020 as a result of Covid-19 but was due to close on 28 June 2020 as a result of the *Inspiring People* project and plans are in place to manage the cash position through closure. A loan from the Department of Digital, Culture, Media and Sport will cover both operating losses and cashflow shortfalls during the period of construction. After reviewing the National Portrait Gallery's budgets, forecast, anticipated Grant in Aid receipts, there is a reasonable expectation that the Gallery has adequate resources to continue in operational existence for the foreseeable future. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### **Reserves policy**

The Trustees review the reserves held annually, with reference to guidance from the Charity Commission. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The Trustees consider that under normal operating conditions, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the charitable activities, a general reserve equivalent to four months' worth of unrestricted charitable expenditure should be maintained. In May 2021 the Trustees agreed to remove the line 'net of

Grant in Aid receipts' from the reserves policy, agreeing that a more cautious position should be taken given the impact of the pandemic for the Gallery.

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

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

At the year end the reserves under consideration in respect of the reserves policy totalled £3,051,000 (£1,226,000 in 2019-20), equivalent to three months' (less than one month in 2019-20) worth of unrestricted charitable expenditure. The unrestricted reserve is reviewed by the Finance Committee.

## **Investments**

An Investment Committee monitors the performance of the investment portfolio. The National Portrait Gallery's investment managers ensure that all investments are suitable under the Standard Investment Criteria of the *Trustee Act 2000*. The Gallery holds two funds: The Master Portfolio/Heinz (long-term investments) and the Investment and Contingency Fund (short-term investments).

The objectives of the investment strategy are:

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

### The Master Portfolio/Heinz

The Master Portfolio is a collective investment scheme, created by Partners Capital, that invests across a range of asset classes and securities (which may include investments in other collective investment schemes). The objective is to seek an income yield of 5.5% to 6% nominal returns, based on a target return of RPI plus 2%. In 2018-9, a legacy of \$4m was received from Drue Heinz and during 2019-20 it was placed under the management of Partners Capital. As the income and capital relating to it are ring-fenced, it has been classified as a Fixed Asset investment along with The Master Portfolio. The annual income from the Heinz fund will support the core activities of the Heinz Library & Archives.

At 31 March 2021, the Master Portfolio/Heinz investment fund was valued at £11,930,000 (£9,438,000 in 2019-20); historic cost £6,840,000 (£6,820,000 in 2019-20).

### Investment and Contingency Fund

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

At 31 March 2021, the I&CF was valued at £7,752,000 (£4,067,000 in 2019-20); historic cost £6,574,000 (£2,986,000 in 2019-20).

The National Portrait Gallery's investment managers, Partners Capital LLP advise on the investment strategy required to meet the objective. Fund performance is measured against agreed benchmarks,

and an asset profile is agreed for each fund. Rebalancing of the portfolio is agreed at Investment Committee meetings in response to market conditions.

## **Fundraising**

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

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

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

## **Fulfilment of Museums and Galleries Act Aims**

The National Portrait Gallery's fulfilment of the Museums and Galleries Act aims is best reflected by its expenditure on charitable activities. Charitable activities expenditure is broken down into three main areas: gallery activities, gallery operations and Collections, with a total expenditure of £12,815,000 (2019-20: £17,667,000). Overall, 77% of expenditure (2019-20: 76%) is spent on charitable activities. Gallery activities comprises all those costs associated with the public programmes of the Gallery and of the media programmes and website; this includes exhibitions, education and communications and marketing expenditure. Gallery operations comprises visitor services and operations costs. Collections comprises all those costs associated with the National Portrait Gallery Collection; this includes conservation, art handling, photography and acquisitions related expenditure.

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

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

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

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

Alongside this activity, the Gallery enhanced its digital offer in 2020-21 with new online content and features that have transformed the online experience, such as the ability to interact with portraits and virtually 'meet' and interact with the sitter.

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



## Auditors

Under statute, the Comptroller & Auditor General is the auditor of the Gallery's accounts for the year 2020-21. The audit fee in respect of this work was £50,000 (£52,000 in 2019-20). The National Audit Office did not provide any non-audit services. PKF Littlejohn LLP is the auditor for the National Portrait Gallery Company Limited and the audit fee in respect of their work was £9,300 (£10,900 in 2019-20).

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

Signed

Dr Nicholas Cullinan  
Director, the National Portrait Gallery

13 July 2021

Signed

David P J Ross  
Chairperson, the National Portrait Gallery

13 July 2021

## ADVISERS

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

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

### Auditors

#### Gallery

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

#### Gallery Subsidiary

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

### External Advisors

#### Bankers

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

#### Investment Advisors

Partners Capital LLP  
5<sup>th</sup> Floor  
5 Young Street  
London  
W8 5EH

#### Internal Auditors

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

#### Solicitors

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

#### Solicitors

Michelmores LLP  
Woodwater House  
Pynes Hill  
Exeter  
Devon  
EX2 5WR

# REMUNERATION REPORT

## Membership

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

## Policy on the Remuneration of the Director

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

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

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

## Senior Directors

The National Portrait Gallery is required to prepare a remuneration report containing certain information about the directors' remuneration as a result of the Accounts Direction from DCMS which required the Gallery to follow the Financial Reporting Manual (FRM) paragraph 5.3.28. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

The Accounting Officer has decided that this requirement encompasses the posts listed below, whose emoluments and pension details are disclosed. The National Portrait Gallery considers that no other key management staff details need to be disclosed under this guidance for 2020-21.

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

### Salary entitlements

		<b>2020-21</b>	2019-20
		<b>£000</b>	£000
Nicholas Cullinan	Director	<b>110-115</b>	110-115
Ros Lawler	Chief Operating Officer	<b>85-90</b>	85-90
Pim Baxter	Deputy Director	-	85-90

## Remuneration Breakdown

	2020-21					2019-20				
	Salary (excluding non- consolidated performance- related pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000	Salary (excluding non- consolidated performance pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000
Nicholas Cullinan, Director	<b>110-115</b>	-	-	<b>45</b>	<b>155-160</b>	110-115	-	-	45	155-160
Ros Lawler, Chief Operating Officer	<b>85-90</b>	-	-	<b>35</b>	<b>120-125</b>	30-35	-	-	12	40-45
Pim Baxter, Deputy Director	-	-	-	-	-	55-60	-	-	9	60-65
Band of highest-paid director's total remuneration					<b>110-115</b>					110-115
Median total remuneration Ratio					<b>33,443</b> <b>3.4</b>					26,435 4.3

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

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the National Portrait Gallery in the financial year 2020-21 was £110,000-£115,000 (£110,000-£115,000 2019-20). This was 3.4 times (4.3 2019-20) the median remuneration of the workforce, which was £33,443 (£26,435 2019-20). In 2020-21, 0 employees (nil in 2019-20) received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind where applicable. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## Pension Breakdown

	Accrued pension at end date at 31 March 2021 £000	Real increase / (decrease) in pension at end date £000	CETV at 31 March 2021 £000	CETV at 31 March 2020 or start date £000	Real increase / (decrease) in CETV £000
Nicholas Cullinan, Director					
Pension	15-20	2.5-5	154	122	18
Lump sum	-	-	-	-	-
Ros Lawler, Chief Operating Officer					
Pension	5-10	0-2.5	120	9	20
Lump sum	-	-	-	-	-
Pim Baxter, Deputy Director					
Pension	-	-	-	506	-
Lump sum	-	-	-	-	-

Nicholas Cullinan and Ros Lawler are members of the Civil Service defined benefit pensions scheme. Pim Baxter was a member of the Civil Service defined benefit pensions scheme, and left the Gallery in 2019.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction in benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The Board of Trustees of the National Portrait Gallery, who hold overall responsibility for the National Portrait Gallery, are not remunerated. No compensation for loss of office was paid to board members during the year. Expenses paid are disclosed in note 8 to the accounts.

The following disclosures are not subject to audit.

#### Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 1.6 days in 2020-21 (4.2 in 2019-20).

#### **Off-payroll engagements**

As a result of the Accounts Directive from DCMS the National Portrait Gallery follows guidance per the Financial Reporting Manual (FReM) paragraph 5.3.27. As of March 2021, there were no off payroll engagements for more than £245 per day and that lasted longer than six months (nil in 2019-20).

#### **Trade union facility time**

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

#### Relevant union officials

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

#### Percentage of time spent on facility time

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

#### Percentage of pay bill spent on facility time

Total pay bill (wages + ER NI +ER Pension)	£2,331
Percentage of facility time against total pay bill	0.02%

## STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

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

In preparing the National Portrait Gallery accounts the Board of Trustees is required to:

- observe the accounts directions issued by the Secretary of State\*, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the National Portrait Gallery will continue its operation.

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

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

Signed

Dr Nicholas Cullinan  
Director, the National Portrait Gallery

13 July 2021

Signed

David P J Ross  
Chairperson, the National Portrait Gallery

13 July 2021

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

# GOVERNANCE STATEMENT

## Introduction

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

## The Governance Framework

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

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

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

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

## Operation of the Board of Trustees and Board Sub-committees

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

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

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



The Board of Trustees is required to follow the principles established by the Nolan Committee in the conduct of public bodies; this includes the declaration of individual Trustees' interests. A Register of Trustees' interests is kept to identify any potential, perceived or actual conflicts of interest. The Register is updated throughout the year as new interests arise. It is formally reviewed by the Audit and Risk Committee and the Board of Trustees at the end of each financial year and is publicly available upon request.

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

The Board has a detailed forward-looking agenda which enables Trustees to understand, contribute and consider to a wide range of matters that may influence or affect the Gallery's achievement of its mission and objectives. The Board Secretariat ensures that Trustees receive timely information on all relevant matters prior to each Board meeting and, as applicable, sub-committee meetings. Board papers are circulated electronically in advance of meetings to ensure there is adequate time for them to be read and considered, and to facilitate focused, robust and informed discussions at meetings.

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

- Sub-Committees with delegated authority from the Board: Investment Committee, *Inspiring People* Project Board; and
- Advisory Committees with no formal decision-making authority: Finance Committee; Ethics Committee, Audit & Risk Committee, Remuneration Committee.

<b>Board/ Sub-Committee</b>	<b>Type</b>	<b>Remit</b>
Board of Trustees of the National Portrait Gallery	Board	Discharges statutory duties under the Museums and Galleries Act 1992. The Board oversees the management of the Gallery, with the Trustees acting as guardians of the public interest. It approves policy and the strategic direction for the Gallery, leaving operational matters to the Director. The Board decides on all acquisitions and strategic resource allocations. It represents the Gallery externally, monitors the organisation's performance against its agreed objectives and targets, and ensures the stewardship of public funds.
Audit and Risk Committee	Board Sub-Committee	Considers the Gallery's internal control structure, internal and external audit risk, compliance with the regulatory environment and the statutory accounts.
Remuneration Committee	Board Sub-Committee	Advises on contractual terms and remuneration for the Director.
Investment Committee	Board Sub-Committee	Reviews the performance of the Gallery's investment funds and advises on investment strategy.
Finance Committee	Board Sub-Committee	Considers the Gallery's budgets, financial performance and reserves and reviews <i>Inspiring People</i> financial information.
<i>Inspiring People</i> Project Board	Board Sub-Committee	Reviews all aspects of the <i>Inspiring People</i> Project including design, costs, fundraising and risk.
Ethics Committee	Board Sub-Committee	Advises on potential donations and wider ethical and reputational issues referred to it for advice by the executive or the Board of Trustees.
Chair's Group	Board Sub-Committee	Advises on governance matters and succession planning for Trustees and Board Sub-committees.

In addition to the above, the Trustees agreed in May 2021 to establish a Curatorial Committee tasked with providing advice on artistic, programming and curatorial matters.

### **Delegation of authority and matters reserved to the Board**

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

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

### **Membership and Attendance**

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

During the year, Dr Brian Allen retired from the Board. A campaign to replace him was underway at the end of 2020-21. In May 2020, The Rt Hon Chris Grayling MP and Dr Mark Cecil were appointed to the Board, replacing Allegra Berman and Sir Michael Hintze who had retired in the previous year.

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

- David Ross (Chair) – 4 of 4 meetings
- Dr Brian Allen – 2 of 2 meetings
- Roger Blundell – 4 of 4 meetings
- Dr Mark Cecil – 4 of 4 meetings
- Rob Dickins – 3 of 4 meetings
- The Rt Hon Chris Grayling MP – 4 of 4 meetings
- Marcus Harling – 4 of 4 meetings
- Dr Joanna Kennedy OBE – 4 of 4 meetings
- The Rt Hon Jacob Rees-Mogg MP (*ex-officio*) – 4 of 4 meetings
- Dr Andrew Roberts – 4 of 4 meetings
- Rebecca Salter PRA (*ex-officio*) – 2 of 4 meeting
- Bjorn Saven – 4 of 4 meetings
- Sir Peter Stothard – 4 of 4 meetings
- Christopher Townsend CBE (*co-opted*) – 4 of 4 meetings
- Dr Rachel Wang – 4 of 4 meetings
- Professor Shearer West CBE – 4 of 4 meetings
- Jonathan Yeo – 4 of 4 meetings

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

## Board Sub-Committees

Membership and attendance\* at meetings during 2020-21:

<p><b>Audit and Risk Committee</b> The Audit and Risk Committee met 4 times in 2020-21 (4 in 2019-20).</p> <ul style="list-style-type: none"> <li>• Roger Blundell (Trustee, Chair) – 4/4</li> <li>• Marcus Harling (Trustee) – 4/4</li> <li>• Dr Mark Cecil (Trustee) – 3/3</li> <li>• Neil Spence (Co-opted Member) – 4/4</li> <li>• Tony Poulter (Co-opted Member) – 1/1</li> </ul>	<p><b>Finance Committee</b> The Finance Committee met 5 times in 2020-21 (4 in 2019-20).</p> <ul style="list-style-type: none"> <li>• The Rt Hon Chris Grayling MP (Trustee, Chair) – 5/5</li> <li>• Roger Blundell (Trustee) – 5/5</li> <li>• David Ross (Trustee) – 5/5</li> <li>• Bjorn Saven (Trustee) – 4/4</li> <li>• Neil Spence (Co-opted Member) – 5/5</li> <li>• Tony Poulter (Co-opted Member) – 1/1</li> </ul>
<p><b>Investment Committee</b> The Investment Committee met 4 times in 2020-21 (3 in 2019-20).</p> <ul style="list-style-type: none"> <li>• Bjorn Saven (Trustee, Chair) – 4/4</li> <li>• David Ross (Trustee) – 0/0</li> <li>• Anthony Brooke (Co-opted Member) – 3/4</li> <li>• Dr Mark Cecil (Trustee) – 4/4</li> <li>• Jeremy Sillem (Co-opted Member) – 4/4</li> <li>• Ben Whitmore (Co-opted Member) – 1/4</li> </ul>	<p><b>Inspiring People Project Board</b> The <i>Inspiring People</i> Board met 12 times during 2020-21 (13 in 2019-20).</p> <ul style="list-style-type: none"> <li>• Dr Joanna Kennedy OBE (Trustee, Chair) – 12/12</li> <li>• Jonathan Yeo (Trustee) – 9/10</li> <li>• Marcus Harling (Trustee) – 12/12</li> <li>• Dr Peter Gist (Independent Member) – 11/12</li> <li>• The Rt Hon Chris Grayling MP (Trustee) – 5/5</li> <li>• David Hickey MBE (Independent Member) – 12/12</li> <li>• Sir Christopher Le Brun (Independent member) – 8/10</li> <li>• Jenni Lomax OBE (Independent Member) – 10/12</li> </ul>
<p><b>Chair's Group</b> The Chair's Group met 4 times in 2020-21 (3 in 2019-20).</p> <ul style="list-style-type: none"> <li>• David Ross (Trustee, Chair) – 4/4</li> <li>• Roger Blundell (Trustee) – 4/4</li> <li>• The Rt Hon Chris Grayling MP – 4/4</li> <li>• Dr Joanna Kennedy OBE (Trustee) – 4/4</li> <li>• Sir Peter Stothard (Trustee) – 4/4</li> <li>• Christopher Townsend CBE (Co-opted Trustee) – 3/4</li> </ul>	<p><b>Ethics Committee</b> The Ethics Committee met 3 times in 2020-21 (3 in 2019-20).</p> <ul style="list-style-type: none"> <li>• Sir Peter Stothard (Trustee, Chair) – 3/3</li> <li>• Dr Brian Allen (Trustee) – 1/1</li> <li>• Sir Nicholas Blake (Independent Member) – 3/3</li> <li>• Professor Shearer West CBE (Trustee) – 2/2</li> </ul>
<p><b>Remuneration Committee</b> The Remuneration Committee met in July 2021 to consider the matters detailed in the Remuneration Report.</p>	

\* (fractions reflect attendance at eligible meetings)

## Board and Sub-Committee Business in 2020-21

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

### **The Board of Trustees**

A key focus of the business considered by the Board throughout 2020-21 has been the financial and wider implications of temporary closure for the Gallery and its plans for *Inspiring People* and future financial sustainability. Effective arrangements were put in place to ensure business continuity and that the Gallery's governance policies and procedures continued to be followed throughout the pandemic: the arrangements will continue to support Trustees with good charity governance while the Gallery remains closed to complete the *Inspiring People* project.

Other key strategic issues and routine business planning considered by the Board included:

Strategic Matters	<ul style="list-style-type: none"> <li>• Action planning in response to the Covid-19 pandemic</li> <li>• The Gallery's digital strategy;</li> <li>• The Equality and Diversity Action Plan;</li> <li>• The exhibition programme from 2023;</li> <li>• Acquisitions and future commissions in the context of the Collections Development Strategy;</li> <li>• The impact of Brexit for all areas of operation and mitigation planning.</li> </ul>
Operational Matters	<ul style="list-style-type: none"> <li>• Regular review of and updates about the <i>Inspiring People</i> project, including the decant of the permanently displayed national Collection and the appointment of the Enabling Works and the Main Works contractors;</li> <li>• Current and forward budgets, management information, performance against agreed KPIs and the development of the forward business plan;</li> <li>• Updates on people and employee wellbeing, including the implementation of the workforce change programme and the impact of the Covid-19 on employees and workforce engagement;</li> </ul>
Governance, assurance and risk	<ul style="list-style-type: none"> <li>• The audited accounts and Annual Report;</li> <li>• Scheme of Delegation;</li> <li>• Policy reviews: Archives and Records Management Policy, the Intellectual Property Rights Policy and the Investment Policy and Strategy;</li> <li>• The annual Research and annual FOI reports;</li> <li>• Corporate risks and mitigation plans;</li> <li>• The appointment of members to the Board Committees</li> <li>• Reports on the work of the various Board Committees.</li> </ul>

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

## **Board Sub-Committee reports 2020-21**

During 2020-21, the Audit and Risk Committee, Finance Committee and Ethics Committee, Chair's Group and the *Inspiring People* Project Board all considered issues of governance and risk, including reputational risk.

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

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

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

The Chair's Group considered nominations to the Board's sub-committees, the annual Board effectiveness questionnaire and proposed revisions to key governance documents.

The *Inspiring People* Project Board oversaw the delivery of the RIBA Stage 4 and made recommendations to the Board on the Enabling Works and the Main Works contracts. The Board also considered updates on the Activity Plan and fundraising, the Gallery decant and the development of the Full Business Case for the *Inspiring People* project.

Remuneration Committee business considered in 2020-21 is detailed in the Remuneration Report.

## **Board Effectiveness**

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

The 2020-21 review concluded that the Board had performed well. Trustees reflected positively on the Board's composition, operation and performance noting an effective relationship with the Gallery's senior team. They indicated that they were satisfied that the quality of data they receive is sound and that effective and appropriate processes were in place that met the requirements of good governance. Trustees reiterated the continued need to focus on risk during the redevelopment period and made suggestions for improving strategic discussion at the Board. They identified a number of areas of current and future priority, including the development of a comprehensive interpretation scheme and reviewing the Gallery's long-term strategy to reflect its post *Inspiring People* ambitions. Trustees noted the need to strengthen Board diversity noting opportunities to address this through forthcoming public appointments and reviewing how the Trustees' skills and experience are used in the context of the strategic planning, to ensure that they continue to effectively support the Gallery's ambitions.

Separately, a review of the Chair's performance was conducted by the Deputy Chair, Dr Joanna Kennedy OBE. There was strong endorsement on the excellent leadership the Chair brings to the Board, his understanding of priorities and his level of commitment and dedication to the Gallery's success. Trustees were unanimous in that the Chair had successfully steered the Gallery through a period of unprecedented change in its recent history and provided very effective strategic leadership in a difficult and challenging time.

## Director's Group and the Senior Management Team

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

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

The Director's Group is supported by the Senior Management Team, which is made up of heads of departments and senior managers and serves as a forum for consultation on and discussion of important strategic and operational issues, and gallery-wide policy issues which do not have resource implications. The Senior Management Team is chaired by the Chief Operating Officer. Appropriate management structures have been put in place throughout the organisation to assist the Gallery's directors and senior managers with overseeing their respective departments and areas of responsibility.

### **Membership of Director's Group in 2020-21**

<b>Name</b>	<b>Job Title</b>
Dr Nicholas Cullinan	Director and Accounting Officer
Dr Robert Barr	Director of Estates and Operations (to 30 September 2020)
Alix Gilmer	<i>Inspiring People</i> Project Director
Sarah Hilliam	Director of Development (from 01 February 2021)
Ros Lawler	Chief Operating Officer
Jessica Litwin	Director of Development (to 31 December 2020)
Lornette Pemberton	Human Resources Director
Dr Alison Smith	Chief Curator
Liz Smith	Director of Learning and Engagement
Anna Starling	Director of Commercial
Sarah Tinsley	Executive Director, Programmes and Partnerships
Denise Vogelsang	Director of Communications and Digital
Lesley Williams	Chief Financial Officer

### **Subsidiary undertakings**

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

As well as the Directors of the Company, the Audit and Risk Committee reviews the performance of the Company, its annual report and accounts, the external auditors' audit strategy and Management Letter. This is done in order to obtain assurance over the activities of the subsidiary during the year. More information about the Gallery's trading subsidiary are summarised in note 20 to the financial statements.

## Connected charities

The Gallery had one connected charity, the Portrait Trust, which was independent and its activity did not impact on the Gallery's operating policies. The Trust had not been active in recent years, and on 3 April 2019 the Trustees of the Portrait Trust and the Trustees of the National Portrait Gallery entered into a Transfer Agreement, where the Gallery would receive the assets of the trust and continue the work of the Portrait Trust. The process was enacted in 2019-20 and the Portrait Trust was wound down in September 2020.

## Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit and Risk Committee in January 2021, describes the National Portrait Gallery's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors.

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

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

Risks are explicitly reviewed:

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

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

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

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

The targeted risk profile is reviewed annually and approved by the Audit and Risk Committee, most recently in January 2021.

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

- to ensure that risk identification is an integral part of the annual planning and budgeting process with risks linked to objectives;

- performance against budget and objectives is regularly reviewed by Trustees;
- key performance indicators are included in internal reports and regularly reviewed by Trustees; and
- Directors consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit and Risk Committee.

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

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

Based upon the programme of work undertaken by internal audit during 2020-21, the Head of Internal Audit provided the opinion that the Gallery's framework for risk management, governance and internal control is Moderate in its overall adequacy and effectiveness. A substantial assurance opinion was given for three assurance reviews and an adequate opinion was given for the remaining reviews.

### **Significant risks**

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

- the removal of the risk to decant the Collection from the Gallery as this has now been successfully and safely completed.
- an additional risk has been added that the Gallery fails to manage and navigate through reputational issues facing the sector in a way that is perceived as balanced and fair by the public.



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

Risk	Mitigations:
The impact of Covid-19 on the Gallery in terms of closure, loss of self-generated income, cash flow and reserves.	<ul style="list-style-type: none"> <li>• Budgets for 2021-22 have been reviewed and cost savings have been identified</li> <li>• Re-opening budgets have been revised for changes to visitor numbers</li> <li>• The Coronavirus Job Retention Scheme continues to be used</li> <li>• We are working with DCMS to access the Covid-19 relief package for 2021-22.</li> </ul>
Delivery of the <i>Inspiring People</i> project.	<ul style="list-style-type: none"> <li>• Scenario planning has been completed to work through the implications of Covid-19 and EU Exit</li> <li>• A reasonable and appropriate level of contingency remains in the budget for the stage of the project</li> <li>• Operational readiness plans have been drafted</li> <li>• Staffing levels are being reviewed in the run up to re-opening</li> </ul>
Ensuring that the Gallery has a sustainable operating and financial model in the medium to long term.	<ul style="list-style-type: none"> <li>• Continue to liaise with DCMS on funding options</li> <li>• Three year budgets have been completed</li> <li>• Continue to work and refine the operating model for the re-opening of the Gallery after <i>Inspiring People</i>.</li> </ul>

### Risk Management and Internal Control

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

### Personal data related incidents

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

A personal data breach is classified as a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or unauthorised access to personal data that is transmitted, stored or otherwise processed. The Gallery's Personal Data Breach Management Team assess any breaches to establish the likelihood and severity of the resulting risk to people's rights and freedoms. If it's likely that there will be a risk and a breach is classified as notifiable, the Data Protection Officer will report it to the Information Commissioner's Office within 72 hours. No personal data breaches were recorded during the year.

### **Whistleblowing policy**

The National Portrait Gallery's whistleblowing policy contains arrangements for reporting, in confidence, concerns about a wrongdoing or potential wrongdoing internally and to relevant external bodies. The arrangements are reviewed by the Audit and Risk Committee on a regular basis (date of last review April 2021) and the Committee confirms that appropriate processes are in place throughout the year via its annual review to the Board. The policy is made available to all staff. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Audit and Risk Committee so that the impact on the Gallery may be considered.

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

There were no significant incidents during the year.

Signed

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

13 July 2021

Signed

David P J Ross  
Chairperson, the National Portrait Gallery

13 July 2021

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

## Opinion on financial statements

I certify that I have audited the financial statements of the National Portrait Gallery for the year ended 31 March 2021 under the Museums and Galleries Act 1992. The financial statements comprise: The Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cashflow 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 including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of National Portrait Gallery's affairs as at 31 March 2021 and of net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Portrait Gallery in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the National Portrait Gallery's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Portrait Gallery's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Director with respect to going concern are described in the relevant sections of this certificate.

## **Other Information**

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Trustees and Director are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

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

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

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and Director determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the group and the National Portrait Gallery's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Director either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation<sup>1</sup>, including fraud.

My procedures included the following:

- enquiring of management, the internal audit function and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Portrait Gallery's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

---

<sup>1</sup> Non-compliance is defined as acts of omission or commission intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity. ISA 700 uses the word "irregularities" to describe non-compliance with laws and regulations. We do not use the word irregularities to describe non-compliance within our certificates and reports as it has another meaning in the context of PN10.

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Portrait Gallery's controls relating to Museum and Galleries Act 1992, Managing Public Money, and the Charities Act 2011; and
  - discussing among the engagement team and involving relevant internal and external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and the application of the Coronavirus Job Retention Scheme.
- obtaining an understanding of the National Portrait Gallery's framework of authority as well as other legal and regulatory frameworks that the National Portrait Gallery and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the National Portrait Gallery and group. The key laws and regulations I considered in this context included Museum and Galleries Act 1992, Managing Public Money, Employment Law, Tax Legislation, Pensions Legislation, the Coronavirus Act 2020 and the Charities Act 2011.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board of Trustees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of grants and donations in line with the accounting framework and undertaking procedures to test the completeness of grants, donations and legacies; and
- In addressing the risk of fraud in the Coronavirus Job Retention Scheme undertaking procedures to test that claims to HM Revenue and Customs were in line with the scheme rules and procedures to test whether employees were working whilst claiming under the scheme.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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.

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.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**15 July 2021**

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

# FINANCIAL STATEMENTS

## Consolidated Statement of Financial Activities

Incorporating an income and expenditure account, for the Year Ended 31 March 2021

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2019-20 Total funds £000
		2020-21 Unrestricted funds £000	2020-21 Restricted funds £000	2020-21 Total funds £000	2020-21 Unrestricted funds £000	2020-21 Restricted funds £000	2020-21 Total funds £000	2020-21 Unrestricted funds £000	2020-21 Restricted funds £000	2020-21 Total funds £000	2020-21 Unrestricted funds £000	2020-21 Restricted funds £000	2020-21 Endowment funds £000	2020-21 Total funds £000	
<b>Income and endowments from:</b>															
<i>Donations and legacies</i>	3														
Grant in Aid		8,742	-	8,742	668	-	668	-	-	-	9,410	-	-	9,410	8,575
CJRS Government Grant		-	1,285	1,285	-	-	-	-	-	-	-	1,285	-	1,285	-
Other donations and legacies		723	5,304	6,027	-	-	-	427	427	-	723	5,731	-	6,454	6,008
<i>Charitable activities</i>	4	1,510	473	1,983	-	-	-	-	-	1,510	473	-	-	1,983	4,000
<i>Other trading activities</i>	5	921	-	921	-	-	-	-	-	921	-	-	-	921	4,759
<i>Investments</i>	6	13	2	15	-	-	-	-	-	13	2	-	-	15	182
<b>Total</b>		<b>11,909</b>	<b>7,064</b>	<b>18,973</b>	<b>668</b>	<b>-</b>	<b>668</b>	<b>-</b>	<b>427</b>	<b>427</b>	<b>12,577</b>	<b>7,491</b>	<b>-</b>	<b>20,068</b>	<b>23,524</b>
<b>Expenditure on:</b>															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	930	302	1,232	149	126	275	-	-	-	1,079	428	12	1,519	1,002
Fundraising trading: cost of goods sold and other costs	8	1,572	382	1,954	174	148	322	-	-	-	1,746	530	-	2,276	4,536
Investment management costs	8	6	-	6	-	-	-	21	21	-	6	21	6	33	21
<i>Charitable activities</i>	8	8,462	2,457	10,919	1,026	870	1,896	-	-	-	9,488	3,327	-	12,815	17,659
<b>Total</b>		<b>10,970</b>	<b>3,141</b>	<b>14,111</b>	<b>1,349</b>	<b>1,144</b>	<b>2,493</b>	<b>-</b>	<b>21</b>	<b>21</b>	<b>12,319</b>	<b>4,306</b>	<b>18</b>	<b>16,643</b>	<b>23,218</b>
Net gains/(losses) on investments	16	41	-	41	-	-	-	2,143	2,143	41	2,143	420	2,604	(477)	
<b>Net income/(expenditure)</b>		<b>980</b>	<b>3,923</b>	<b>4,903</b>	<b>(681)</b>	<b>(1,144)</b>	<b>(1,825)</b>	<b>-</b>	<b>2,549</b>	<b>2,549</b>	<b>299</b>	<b>5,328</b>	<b>402</b>	<b>6,029</b>	<b>(171)</b>
Transfers between funds	16	849	(1,283)	(434)	(588)	4,561	3,973	-	(3,539)	(3,539)	261	(261)	-	-	
<b>Other recognised gains/(losses):</b>															
Gain/(loss) on revaluation of fixed assets	16	-	-	-	(581)	(412)	(993)	-	-	-	(581)	(412)	-	(993)	471
<b>Net movement in funds</b>		<b>1,829</b>	<b>2,640</b>	<b>4,469</b>	<b>(1,850)</b>	<b>3,005</b>	<b>1,155</b>	<b>-</b>	<b>(990)</b>	<b>(990)</b>	<b>(21)</b>	<b>4,655</b>	<b>402</b>	<b>5,036</b>	<b>300</b>
<b>Reconciliation of funds:</b>															
Funds brought forward at 1 April 2020	16	1,225	5,841	7,066	17,156	66,815	83,971	-	42,313	42,313	18,381	114,969	3,106	136,456	136,156
<b>Funds carried forward at 31 March 2021</b>		<b>3,054</b>	<b>8,481</b>	<b>11,535</b>	<b>15,306</b>	<b>69,820</b>	<b>85,126</b>	<b>-</b>	<b>41,323</b>	<b>41,323</b>	<b>18,360</b>	<b>119,624</b>	<b>3,508</b>	<b>141,492</b>	<b>136,456</b>

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

To provide better understanding of the accounts, the National Portrait Gallery provides enhanced statement of financial activities disclosure beyond the requirements of the SORP.

The notes on pages 61 to 92 form part of these accounts.



## Consolidated and National Portrait Gallery Balance Sheets

Balance Sheets at 31 March 2021

	Notes	Group		National Portrait Gallery	
		2021 £000	2020 £000	2021 £000	2020 £000
<i>Fixed assets</i>					
Tangible assets	9	82,277	83,970	82,277	83,970
Heritage assets	10	35,071	34,466	35,071	34,466
Investments	6	11,930	9,438	11,930	9,438
<b>Total fixed assets</b>		<b>129,278</b>	127,874	<b>129,278</b>	127,874
<i>Current assets</i>					
Stocks	11	388	464	325	358
Debtors and prepayments	12	2,462	2,160	2,987	3,358
Investments	6	7,752	4,067	7,752	4,067
Cash and liquid resources	13	9,185	9,190	8,509	7,948
<b>Total current assets</b>		<b>19,787</b>	15,881	<b>19,573</b>	15,731
<i>Creditors: amounts falling due within one year</i>	14	<b>(2,531)</b>	(3,710)	<b>(2,317)</b>	(3,560)
<i>Provisions: amounts falling due within one year</i>	14	<b>(14)</b>	(1,019)	<b>(14)</b>	(1,019)
<b>Net current assets</b>		<b>17,242</b>	11,152	<b>17,242</b>	11,152
<b>Total assets less current liabilities</b>		<b>146,520</b>	139,026	<b>146,520</b>	139,026
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(5,028)</b>	(2,570)	<b>(5,028)</b>	(2,570)
<b>Total assets less liabilities</b>		<b>141,492</b>	136,456	<b>141,492</b>	136,456
<i>Represented by:</i>					
<i>Restricted reserves</i>					
Restricted funds (excluding revaluation reserves)	16	76,046	65,807	76,046	67,674
Revaluation reserves		43,578	47,295	43,578	47,295
<b>Subtotal</b>		<b>119,624</b>	114,969	<b>119,624</b>	114,969
<i>Unrestricted reserves</i>					
Designated (excluding revaluation reserves)		1,625	3,290	1,625	3,290
Revaluation Reserves		13,689	14,410	13,689	14,410
General		3,046	681	3,046	681
<b>Subtotal</b>		<b>18,360</b>	18,381	<b>18,360</b>	18,381
<b>Total funds</b>		<b>137,984</b>	133,350	<b>137,984</b>	133,350
Endowments	16	3,508	3,106	3,508	3,106
<b>Total funds</b>		<b>141,492</b>	136,456	<b>141,492</b>	136,456

The notes on pages 61 to 92 form part of these accounts.

The financial statements on pages 57 to 60 were approved by the Trustees on:

Signed



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

13 July 2021

Signed



David P J Ross  
Chairperson, the National Portrait Gallery

13 July 2021

## Consolidated Statement of Cash Flows

### Cash flows for the Year Ended 31 March 2021

	Notes	2021 £000	2020 £000
<i>Cash flows from operating activities:</i>			
Net cash provided by operating activities	18	8,866	3,954
<i>Cash flows from investing activities:</i>			
Dividends and interest	13	4	27
Purchase of tangible assets	9	(4,959)	(1,704)
Purchase of heritage assets	10	(307)	(130)
Proceeds from sale of investments	6	20	1,000
Purchase of investments	6	(3,608)	(3,220)
Net cash used in investing activities		(8,850)	(4,027)
Unrealised (loss)/gain from changes in foreign currency exchange rates	18	(21)	155
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(5)</b>	82
Cash and cash equivalents at the beginning of the reporting period		9,190	9,108
Cash and cash equivalents at the end of the reporting period	13	9,185	9,190

The notes on pages 61 to 92 form part of these accounts.

## NOTES TO THE ACCOUNTS

### 1. *Accounting policies*

#### **Basis of accounting**

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

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

The National Portrait Gallery is a public benefit entity.

#### **Basis of consolidation**

The National Portrait Gallery's financial statements consolidate the results of the National Portrait Gallery and its wholly-owned subsidiary the National Portrait Gallery Company Limited (company number 6015724). A separate statement of financial activities or income and expenditure account for the National Portrait Gallery has not been presented.

#### **Statement of Financial Activities (SOFA)**

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

#### **Going Concern**

The Gallery closed on 18 March 2020 as a result of Covid-19 but was due to close on 28 June 2020 as a result of the *Inspiring People* project, and plans are in place to manage the cash position through closure. A loan from the Department of Digital, Culture, Media and Sport will cover the net expenditure during the period of construction. After reviewing the National Portrait Gallery's budgets, forecast, and anticipated Grant in Aid receipts, there is a reasonable expectation that the Gallery has adequate resources to continue in operational existence for the foreseeable future. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### **Key judgements and estimates**

The significant judgements and estimates made in preparing these accounts are disclosed throughout the document, and include those with respect to depreciation (note 1); the valuation of fixed assets (note 9), heritage assets (note 10), and investments (note 6); and the recognition of donations and legacies (note 3).

#### **Income and endowments**

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

### Donations and legacies

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

### Government Grants

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

### Membership

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

### Other trading activities

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

### Investments

Dividend and interest income is recognised on a receivable basis.

### Charitable activities

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

### Deferred income

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

## **Expenditure**

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

### Costs of raising donations and legacies

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

### Charitable activities

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

### Support costs

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

### **Heritage Assets**

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

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

### **Fixed assets**

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

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

With the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holding was undertaken at 31 March 2019 by Montagu Evans, independent property consultants. Specialised operational assets are valued on a Depreciated Replacement Cost (DRC) basis, which is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation; operational assets are valued on the basis of Existing Use Value. Revaluation of assets is undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value and unrealised gains or losses are disclosed in the statement of financial activities. In the years between professional valuations of land and buildings, and therefore applying to 2020-21, indices are used to adjust the net book value of the assets. A desk top valuation of the land element is also undertaken in each year between professional revaluations, by the Gallery's surveyors.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life; a full year's depreciation is charged in the year of acquisition. The useful economic lives of the tangible fixed assets are as follows:

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

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

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

### **Impairments of Financial Assets**

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

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

### **Investments**

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

### **Stock**

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

### **Cash and liquid resources**

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

### **Foreign currencies**

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

### **Operating leases**

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

## **Pensions**

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

## **Redundancy costs**

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

## **Fund accounting**

The National Portrait Gallery maintains unrestricted, designated, restricted and endowment funds as set out in note 16.

## **Taxation**

The National Portrait Gallery is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of the National Portrait Gallery Company Limited are distributed to the National Portrait Gallery under Gift Aid rules and no tax liability is expected for the year ended 31 March 2021.

## **Liabilities**

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

## **Financial instruments**

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 14. Investments are held at market value, as they are classified as being held at fair value since the funds are actively managed.

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



## 2. Consolidated Statement of Financial Activities

Incorporating an income and expenditure account, for the Year Ended 31 March 2020

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2018-19 Total funds £000
		2019-20 Unrestricted funds £000	2019-20 Restricted funds £000	2019-20 Total funds £000	2019-20 Unrestricted funds £000	2019-20 Restricted funds £000	2019-20 Total funds £000	2019-20 Unrestricted funds £000	2019-20 Restricted funds £000	2019-20 Total funds £000	2019-20 Unrestricted funds £000	2019-20 Restricted funds £000	2019-20 Endowment funds £000	2019-20 Total funds £000	
<b>Income and endowments from:</b>															
<i>Donations and legacies</i>	3														
Grant in Aid		7,772	-	7,772	803	-	803	-	-	-	8,575	-	-	8,575	<b>7,634</b>
Other donations and legacies		1,844	2,335	4,179	80	-	80	-	1,749	1,749	1,924	4,084	-	6,008	<b>8,411</b>
<i>Charitable activities</i>	4	3,979	21	4,000	-	-	-	-	-	-	3,979	21	-	4,000	<b>3,837</b>
<i>Other trading activities</i>	5	4,758	1	4,759	-	-	-	-	-	-	4,758	1	-	4,759	<b>4,462</b>
<i>Investments</i>	6	6	-	6	-	-	-	-	-	-	6	-	176	182	<b>13</b>
<b>Total</b>		<b>18,359</b>	<b>2,357</b>	<b>20,716</b>	<b>883</b>	<b>-</b>	<b>883</b>	<b>-</b>	<b>1,749</b>	<b>1,749</b>	<b>19,242</b>	<b>4,106</b>	<b>176</b>	<b>23,524</b>	<b>24,357</b>
<b>Expenditure on:</b>															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	949	(4)	945	20	26	46	-	-	-	969	22	11	1,002	<b>1,384</b>
Fundraising trading: cost of goods sold and other costs	8	3,943	34	3,977	245	314	559	-	-	-	4,188	348	-	4,536	<b>4,151</b>
Investment management costs	8	7	-	7	-	-	-	-	14	14	7	14	-	21	<b>46</b>
<i>Charitable activities</i>	8	14,577	593	15,170	1,091	1,398	2,489	-	-	-	15,668	1,991	-	17,659	<b>17,572</b>
<b>Total</b>		<b>19,476</b>	<b>623</b>	<b>20,099</b>	<b>1,356</b>	<b>1,738</b>	<b>3,094</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>20,832</b>	<b>2,375</b>	<b>11</b>	<b>23,218</b>	<b>23,153</b>
Net gains/(losses) on investments	16	8	-	8	-	-	-	-	(334)	(334)	8	(334)	(151)	(477)	<b>248</b>
<b>Net income/(expenditure)</b>		<b>(1,109)</b>	<b>1,734</b>	<b>625</b>	<b>(473)</b>	<b>(1,738)</b>	<b>(2,211)</b>	<b>-</b>	<b>1,401</b>	<b>1,401</b>	<b>(1,582)</b>	<b>1,397</b>	<b>14</b>	<b>(171)</b>	<b>1,452</b>
Transfers between funds	16	198	-	198	(668)	1,569	901	-	(1,099)	(1,099)	(470)	470	-	-	<b>-</b>
<b>Other recognised gains/(losses):</b>															
Gain/(loss) on revaluation of fixed assets	16	-	-	-	230	241	471	-	-	-	230	241	-	471	<b>3,588</b>
<b>Net movement in funds</b>		<b>(911)</b>	<b>1,734</b>	<b>823</b>	<b>(911)</b>	<b>72</b>	<b>(839)</b>	<b>-</b>	<b>302</b>	<b>302</b>	<b>(1,822)</b>	<b>2,108</b>	<b>14</b>	<b>300</b>	<b>5,040</b>
<b>Reconciliation of funds:</b>															
Restated funds brought forward at 1 April 2019	16	2,136	4,107	6,243	18,067	66,743	84,810	-	42,011	42,011	20,203	112,861	3,092	136,156	<b>131,116</b>
<b>Funds carried forward at 31 March 2020</b>		<b>1,225</b>	<b>5,841</b>	<b>7,066</b>	<b>17,156</b>	<b>66,815</b>	<b>83,971</b>	<b>-</b>	<b>42,313</b>	<b>42,313</b>	<b>18,381</b>	<b>114,969</b>	<b>3,106</b>	<b>136,456</b>	<b>136,156</b>

### 3. Donations and legacies

#### National Portrait Gallery Donations and Legacies

	<b>2021</b>	2020
	<b>£000</b>	£000
Grant in Aid	<b>9,410</b>	8,575
CJRS Government Grant	<b>1,285</b>	-
Grants & donations	<b>4,812</b>	2,937
Legacies	<b>88</b>	103
Fundraising events	<b>3</b>	171
Donations in kind	-	80
Individual giving	<b>452</b>	884
National Lottery Heritage Fund	<b>801</b>	190
Donated works of art	<b>298</b>	1,643
<b>Total</b>	<b>17,149</b>	14,583
<i>of which the following is taken to (see pages 57 and 66)</i>		
Income and expenditure	<b>16,054</b>	11,951
Capital	<b>668</b>	883
Collections	<b>427</b>	1,749
Endowments	-	-

Grant in aid is available for running costs, capital improvements and collection purchases. Of the total figure, £668,000 (£803,000 in 2019-20) was provided for capital purposes, and £1,747,000 (£nil in 2019-20) was provided for the effect of Covid-19.

Restricted income included in the above total amounted to £7,016,000 for 2020-21 (£4,083,975 for 2019-20), of which £1,285,115 was received from the Government under the Coronavirus Job Retention Scheme (CJRS).

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

#### 4. Charitable activities

##### National Portrait Gallery Charitable Activities

	2021 £000	2020 £000
Exhibitions income	1,986	3,933
Learning income	(3)	67
<b>Total</b>	<b>1,983</b>	<b>4,000</b>
<i>of which the following is taken to (see pages 57 and 66)</i>		
Income and expenditure	1,983	4,000
Capital	-	-
Collections	-	-
Restricted income included in the above total	473	21

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

#### 5. Other trading activities

##### National Portrait Gallery other trading activities

	2021 £000	2020 £000
Trading	859	4,539
Other activities for raising funds	62	220
<b>Total</b>	<b>921</b>	<b>4,759</b>
<i>of which the following is taken to (see pages 57 and 66)</i>		
Income and expenditure	921	4,759
Capital	-	-
Collections	-	-

Restricted income included in the above totals £nil (£717 in 2019-20).

Included within the above totals for income from other trading activities for the group is £254,042 (£3,106,459 in 2019-20) of income generated by the National Portrait Gallery Company Limited. An additional £134,501 (£1,549,000 in 2019-20) of income due to the National Portrait Gallery from the National Portrait Gallery Company Limited has been eliminated on consolidation. This relates to the Gallery's publications by the Company and the management charge. Company profits of £nil (£620,065 in 2019-20) have been gift aided to the Gallery for 2020-21. In total, this brings the Gallery's non-consolidated trading income to £2,086,459 (£4,138,000 in 2019-20).

## 6. Investments

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

### Fixed asset investments

	<b>2021</b>	2020
	<b>£000</b>	£000
Market value at 1 April 2020	<b>9,438</b>	6,179
Investment portfolio additions	-	3,220
Investment portfolio disposals	-	-
Investment Management Charges deducted	<b>(2)</b>	-
Gains on revaluation	<b>2,494</b>	39
Market value at 31 March 2021	<b>11,930</b>	9,438
Historical cost at 31 March 2021	<b>6,840</b>	6,820
Unrealised investment gains at 31 March 2021	<b>5,090</b>	2,618

Fixed asset investments are held for the purposes of producing a long-term return and are not intended to be spent within the next 12 months. Fixed asset investments consist of The Master Portfolio (TMP) and the Heinz legacy.

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

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

The Master Portfolio is valued monthly at the month end value of the underlying assets within the fund, of which 22% are listed and market-priced. These include individual securities, daily dealing funds and the cash balance, which is held in a money market fund.

#### *Heinz legacy*

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

The fixed asset investments are held outside the UK (also in 2019-20). Unrealised gains and losses are included in the statement of financial activities.

### Current asset investments

	<b>2021</b>	2020
	<b>£000</b>	£000
Market value at 1 April 2020	<b>4,067</b>	5,610
Investment portfolio additions	<b>3,608</b>	-
Investment portfolio disposals	<b>(20)</b>	(1,000)
Investment management charges deducted	<b>(13)</b>	(26)
Gains/(losses) on revaluation	<b>110</b>	(517)
Market value at 31 March 2021	<b>7,752</b>	4,067
Historical cost at 31 March 2021	<b>6,574</b>	2,986
Unrealised investment gains at 31 March 2021	<b>1,178</b>	1,081

Current asset investments are held for the purposes of producing a return, but the Gallery considers that they should remain highly liquid and available to spend within the next 12 months. Current asset investments consist of the Investment & Contingency Fund and the remainder of the Portrait Fund. Aside from cash, investments held include fixed income investments, credit investments, inflation-linked bonds and property investments, all held via third party investment vehicles.

The investments are valued at the month-end value of the underlying assets, which are predominantly listed and market-priced. The non-listed element is approximately 5% of the value of current asset investments and is invested in a private property fund. The valuation of this property fund is carried out according to FCA rules.

### Investment Portfolio

	<b>2021 Market value £000</b>	2020 Market value £000
<i>Investments in the UK</i>		
Government stocks (inflation linked gilts)	<b>1,262</b>	843
Real Assets (charities property fund)	<b>677</b>	647
Absolute return	-	-
<i>Investments held outside the UK</i>		
Government stocks (index-linked UK gilts and conventional UK gilts)	<b>452</b>	485
Corporate bonds	<b>1,536</b>	916
Global equities fund	-	-
Absolute return	-	-
Cash	<b>3,825</b>	1,176
<b>Total</b>	<b>7,752</b>	4,067

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

## 7. Net income/(expenditure)

Net income/expenditure is stated after charging:

	2021 £000	2020 £000
<i>Auditors' remuneration</i>		
Comptroller and Auditor General	50	52
Subsidiary – audit, PKF Littlejohn LLP	9	11
<i>Lease rentals</i>		
Land and buildings	351	153
Equipment	13	17
Depreciation	2,491	3,094
Loss on disposal of fixed assets	3,168	-

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

## 8. Total expenditure

Total expenditure

	Staff costs £000	Other direct costs £000	Support costs £000	Depreciat ion £000	2021 Total £000	2020 Total £000
<i>Raising funds</i>						
Costs of raising donations and legacies	462	50	732	275	1,519	1,002
Fundraising trading: cost of goods sold and other costs	639	412	904	321	2,276	4,536
Investment management costs	-	30	3	-	33	21
<i>Total costs of raising funds</i>	1,101	492	1,639	596	3,828	5,559
<i>Charitable activities</i>						
Extending and broadening audiences	1,119	363	1,250	442	3,174	3,348
Developing the collection	1,607	208	1,681	626	4,122	8,003
Increasing understanding and engagement	1,999	396	2,297	827	5,519	6,308
<i>Total charitable activities</i>	4,725	967	5,228	1,895	12,815	17,659
<b>Total</b>	5,826	1,459	6,867	2,491	16,643	23,218

## Support costs

### Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	<b>2021 Total £000</b>	2020 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	13	26	87	66	523	17	<b>732</b>	231
Fundraising trading: cost of goods sold and other costs	26	53	102	77	612	34	<b>904</b>	1,109
Other costs of raising funds								
Investment management costs	1	1	-	-	-	1	<b>3</b>	2
<b>Total costs of raising funds</b>	<b>40</b>	<b>80</b>	<b>189</b>	<b>143</b>	<b>1,135</b>	<b>52</b>	<b>1,639</b>	1,342
<i>Charitable activities</i>								
Extending and broadening audiences	37	75	140	106	843	49	<b>1,250</b>	805
Developing the collection	45	92	198	92	1,193	61	<b>1,681</b>	2,596
Increasing understanding and engagement	59	122	261	198	1,577	80	<b>2,297</b>	1,483
<b>Total charitable activities</b>	<b>141</b>	<b>289</b>	<b>599</b>	<b>396</b>	<b>3,613</b>	<b>190</b>	<b>5,228</b>	4,884
<b>Total</b>	<b>181</b>	<b>369</b>	<b>788</b>	<b>539</b>	<b>4,748</b>	<b>242</b>	<b>6,867</b>	6,226
Basis of allocation	expenditure	expenditure	average FTE	FTE excluding visitor services	average FTE	expenditure		

Support costs include an element of staff costs amounting to £2,015,000 (£3,459,000 in 2019-20).

Following the closure of the Gallery in March 2020 and the onset of *Inspiring People* building works, the majority of staff have been working from home. For this reason in the 2020-21 accounts average FTE has been used as the basis of apportionment of the Estates support costs, replacing square meterage which was used in 2019-20 when staff were working from the office.

## Staff costs

### Total Staff costs

	2021 £000	2020 £000
Wages and salaries	5,747	8,079
Pension costs	1,380	1,886
Social Security costs	559	693
Redundancy costs	63	1,435
Total employee costs	7,749	12,093
Agency staff costs	89	483
<b>Total employee and agency staff costs</b>	<b>7,838</b>	<b>12,576</b>

The above includes £912,974 of staff costs relating to staff working on capital projects that were capitalised in 2020-21 (£561,005 in 2019-20). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 14 in 2020-21 (8 in 2019-20).

During 2020-21 the Gallery's use of the Coronavirus Job Retention Scheme (CJRS) was approved by DCMS. In total 357 permanent and casual employees have been furloughed, and grants claimed under CJRS in 2020-21 total £1,285,115. The closure of the Gallery in March 2020 as a result of the Covid-19 pandemic negatively impacted the Gallery's ability to generate income, and so use of the CJRS has enabled the Gallery to retain staff whilst income has been disrupted.

The Gallery's average gender profile for the year is 27.9% male and 71.9% female in 2020-21, with 0.2% preferring not to say (29.0% male and 71.0% female in 2019-20). Of the Directors within the Gallery 10% are male, and 90% are female in 2020-21 (18% male, and 82% female in 2019-20).

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

### Staff pay brackets over £60,000

	2021 No.	2020 No.
£60,000 - £69,999	7	7
£70,000 - £79,999	2	3
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	0	1
£110,000 - £119,999	1	0
<b>Total</b>	<b>12</b>	<b>13</b>

11 of the staff earning more than £60,000 are members of a defined benefit pension scheme (13 in 2019-20); 1 is a member of the defined contribution pension scheme (0 in 2019-20). Further information on Director's and senior managers' pay can be found in the remuneration report on page 36.

The Trustees neither received nor waived any emoluments during the year (also in 2019-20). Expenses reimbursed or paid on behalf of Independent Committee Members for travel amounted to £nil (£211 in 2019-20 for one Independent Committee Member).

No expense was incurred on off-payroll workers during the year (£nil in 2019-20) as established by the FReM guidance, paragraph 5.3.27.



The average number of full-time equivalent (FTE) staff during the year was 156 (239 in 2019-20). Included within this total are 10 FTE staff on temporary contracts (30 in 2019-20) and 31 FTE staff on fixed-term contracts (67 in 2019-20).

#### Breakdown of average FTE staff by occupational group

	<b>2021 No.</b>	2020 No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	<b>13</b>	10
Costs of fundraising trading	<b>16</b>	31
<i>Charitable activities</i>	<b>91</b>	162
<i>Other resources expended – support costs</i>	<b>36</b>	36
<b>Total</b>	<b>156</b>	239

During 2020-21 the Gallery progressed the Workforce Change Programme to reduce the workforce. This was a result of the decision to close the Gallery during the *Inspiring People* refurbishment works, with 109 employees leaving on the grounds of redundancy at the end of June 2020 and a further seven by end of March 2021. The Programme was delivered to timetable in close consultation with managers and the Gallery’s recognised unions, and the reduced workforce reflects the lower level of Gallery activity taking place during closure. As a part of this programme, a secondment was arranged for one staff member and career breaks were agreed for three staff members as alternatives to redundancy. The Gallery plans to expand recruitment in preparation for re-opening in 2023.

#### Breakdown of Exit Packages

Exit package cost band	Number of compulsory redundancies 2021	Number of other redundancies agreed 2021	<b>Total number of exit packages by cost band 2021</b>	Total number of exit packages by cost band 2020
<£10,000	-	3	3	19
£10,000 - £50,000	-	2	2	40
£50,000 - £100,000	-	-	-	5
Total number of exit packages	-	5	5	64
<b>Total cost/£000</b>	£ -	£ 63	£ 63	£1,435
No. of exit packages repaid	-	-	-	-
Cost of exit packages repaid/£000	-	-	-	-
<b>Total resource cost/£000</b>	£ -	£ 63	£ 63	£1,435

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

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

For 2020-21, employers' contributions of £1,532,264 were payable to the PCSPS (£1,859,000 in 2019-20) at one of four rates in the range of 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £35,429 (£43,000 in 2019-20) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,272 (£1,579 in 2019-20), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions of £3,540 (£4,233 in 2019-20) were due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

In 2020-21, £189,642 of pension contributions have been capitalised (£18,000 in 2019-20).

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

## 9. Tangible assets

<u>Group &amp; National Portrait Gallery Assets</u>						
	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2020	35,234	40,412	20,906	3,505	1,569	101,626
Additions at cost	-	-	129	269	4,561	4,959
Gain/(Loss) on valuation	-	(532)	(707)	-	-	(1,239)
Disposals	-	(5,000)	(635)	(455)	-	(6,090)
<b>Value at 31 March 2021</b>	<b>35,234</b>	<b>34,880</b>	<b>19,693</b>	<b>3,319</b>	<b>6,130</b>	<b>99,256</b>
Depreciation at 1 April 2020	-	10,400	4,029	3,227	-	17,656
Charge for the year	-	1,143	1,179	169	-	2,491
Gain/(Loss) on valuation	-	(120)	(126)	-	-	(246)
Disposals	-	(2,147)	(358)	(417)	-	(2,922)
<b>Depreciation at 31 March 2021</b>	<b>-</b>	<b>9,276</b>	<b>4,724</b>	<b>2,979</b>	<b>-</b>	<b>16,979</b>
<b>Net book value at 31 March 2021</b>	<b>35,234</b>	<b>25,604</b>	<b>14,969</b>	<b>340</b>	<b>6,130</b>	<b>82,277</b>
Net book value at 31 March 2020	35,234	30,012	16,877	278	1,569	83,970
<u>Prior year comparative:</u>						
	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2019	35,234	40,106	20,559	3,789	-	99,688
Additions at cost	-	-	80	135	1,569	1,784
Gain/(Loss) on valuation	-	306	267	-	-	573
Disposals	-	-	-	(419)	-	(419)
<b>Value at 31 March 2020</b>	<b>35,234</b>	<b>40,412</b>	<b>20,906</b>	<b>3,505</b>	<b>1,569</b>	<b>101,626</b>
Depreciation at 1 April 2019	-	8,597	2,834	3,447	-	14,878
Charge for the year	-	1,737	1,158	199	-	3,094
Gain/(Loss) on valuation	-	66	37	-	-	103
Disposals	-	-	-	(419)	-	(419)
<b>Depreciation at 31 March 2020</b>	<b>-</b>	<b>10,400</b>	<b>4,029</b>	<b>3,227</b>	<b>-</b>	<b>17,656</b>
<b>Net book value at 31 March 2020</b>	<b>35,234</b>	<b>30,012</b>	<b>16,877</b>	<b>278</b>	<b>1,569</b>	<b>83,970</b>
Net book value at 31 March 2019	35,234	31,509	17,725	342	-	84,810

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

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

A full revaluation of the Trustees' property holdings was undertaken at 31 March 2019 by Montagu Evans, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "Red Book", RICS Appraisal and Valuation Standards. Non-specialised property is valued at market value for existing use, whilst specialised property is valued at depreciated replacement cost (DRC). DRC is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation.

The annual desktop valuation of the land was undertaken by Montagu Evans LLP, reviewing land price indices alongside a review of comparable land transactions to determine any movement in the geographical location value of the Gallery's assets.

At 31 March 2021, buildings, plant and machinery have been revalued using indices. The value of these assets is subject to additional estimation uncertainty in line with that attached to the desktop land valuation as a result of Covid-19. Appropriate Building Cost Information Service (BCIS) indices are used to adjust the carrying values of buildings, whilst Office for National Statistics indices are used to adjust the carrying values of plant and machinery.

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

Assets under construction of £6,100,000 (£1,600,000 in 2019-20) represent all costs incurred in relation to the capital element of the *Inspiring People* project, which is now in the delivery stage. During 2020-21, costs capitalised include professional fees and staff costs for those staff directly involved in the project, contractor payments, and borrowing costs of £7,000 (£nil in 2019-20). Costs relating to the Activity Plan element of the project have not been capitalised. The project is expected to be completed in 2023.

## 10. Heritage assets

### Collection Cost and Valuation

	Value at 1 April 2020 £000	Additions £000	Value at 31 March 2021 £000
<i>Cost</i>			
Primary Collection	22,891	274	<b>23,165</b>
Reference Collection	67	-	<b>67</b>
Photographs Collection	728	33	<b>761</b>
<i>Valuation</i>			
Primary Collection	6,894	172	<b>7,066</b>
Reference Collection	3,061	113	<b>3,174</b>
Photographs Collection	825	13	<b>838</b>
<b>Total</b>	<b>34,466</b>	<b>605</b>	<b>35,071</b>

In the year 2020-21, 57 works (146 in 2019-20) were added to the Collection of which 23 were included at cost price (37 in 2019-20) and 34 have been valued (109 in 2019-20). There were no disposals of heritage assets in the period.

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

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	<b>2020-21 £000</b>
<i>Cost</i>					
Purchased assets	1,881	64	398	130	<b>307</b>
<i>Valuation</i>					
Donated assets	486	333	376	1,643	<b>298</b>
<b>Total additions</b>	<b>2,367</b>	<b>397</b>	<b>774</b>	<b>1,773</b>	<b>605</b>

### **Further Information on the National Portrait Gallery's Collection**

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

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

### **Primary Collection**

The National Portrait Gallery's Collection is among the largest and most prestigious collections of portraits in the world in all media. The Primary Collection of paintings, sculpture, miniatures, drawings, prints, photographs, silhouettes and mixed/new media works contains some 12,698 portraits of the most famous people in British history. Of these, 4,130 are paintings, sculptures and miniatures, approaching 60% of which are regularly displayed at the National Portrait Gallery or elsewhere. In addition, there are some 8,545 works on paper.

## **Reference Collection**

There are more than 335,000 images in the Reference Collections, divided between the Photographs collection and the Archive and Library's Reference Collection of about 85,000 items, mainly prints but also 2,776 drawings, 77 paintings, 171 sculptures, and a small but growing collection of popular ceramics. The Reference Collection is used for study and exhibition, and has been extensively reproduced in books and other publications.

## **Photographs Collection**

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

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

## **Preservation and Management of the Collection**

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

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

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

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

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

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

## **Acquisitions**

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

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

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

## **Disposals**

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

## Capitalisation of the Collection

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

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

## 11. Stock

### Stock

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Goods for resale	325	440	262	334
Work in progress	63	24	63	24
<b>Total</b>	<b>388</b>	<b>464</b>	<b>325</b>	<b>358</b>

During 2020-21 stock belonging to the National Portrait Gallery with a value of £4,452 was written off (£nil in 2019-20). This has been taken to the Statement of Financial Activity on page 57.

## 12. Debtors

### Debtors

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade debtors	152	534	139	399
Provision for bad debts	(25)	(101)	(17)	(69)
<b>Subtotal</b>	<b>127</b>	<b>433</b>	<b>122</b>	<b>330</b>
Amounts due from group companies	-	-	644	1,337
Other debtors	131	52	20	16
Prepayments	120	58	120	58
Accrued Museums & Galleries Exhibition Tax Relief income	942	1,174	942	1,174
Accrued income	643	380	640	380
VAT recoverable	499	63	499	63
<b>Total</b>	<b>2,462</b>	<b>2,160</b>	<b>2,987</b>	<b>3,358</b>

Museums & Galleries Exhibition Tax Relief income is claimed in arrears by the Gallery. During 2020-21 payment was received relating to 2017-18, and the accrued income remaining relates to 2018-19, 2019-20, and 2020-21. The receipt of the 2018-19 claim is expected in early 2021-22.

## 13. Cash and liquid resources

### Cash and liquid resources

Held at/in:	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Interest-bearing accounts	2,901	3,725	2,235	2,494
Cash and non-interest-bearing accounts	6,284	5,465	6,274	5,454
<b>Total</b>	<b>9,185</b>	<b>9,190</b>	<b>8,509</b>	<b>7,948</b>

### Income from UK bank deposits

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Income from UK bank deposits	4	27	4	25
<b>Total</b>	<b>4</b>	<b>27</b>	<b>4</b>	<b>25</b>



## 14. Creditors

### Creditors, amounts falling due within one year

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade creditors	579	677	552	651
Other creditors	281	1,115	272	1,077
Taxation and social security	317	49	317	49
Accruals	1,131	1,227	1,118	1,173
Deferred income	223	642	58	610
<b>Total</b>	<b>2,531</b>	<b>3,710</b>	<b>2,317</b>	<b>3,560</b>

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

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Other creditors	5,028	2,570	5,028	2,570
<b>Total</b>	<b>5,028</b>	<b>2,570</b>	<b>5,028</b>	<b>2,570</b>

Creditors falling due after more than one year comprise two loans from DCMS. During 2017/18 a loan was provided by DCMS to fund the purchase of the East Wing freehold from the National Gallery. The loan is subject to 1.63% interest per annum and will be paid off in full in 2037/38. Following this, a further loan was agreed with DCMS for £8,800,000, of which the first two instalments were received during 2020-21: £2,108,000, subject to 0.34% interest per annum, and £500,000, subject to 0.29% interest per annum. This loan will fund the forecast operational deficit during closure and cashflow for the *Inspiring People* project. It will be paid off in full in 2038/39.

### Deferred income

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Deferred income brought forward	642	933	610	830
Released in year	(617)	(933)	(610)	(830)
Deferred in year	198	642	58	610
Deferred income carried forward	223	642	58	610

Deferred income released during the year related to sponsorship, exhibitions income and events where the underlying activities were completed during the year. Income deferred in the year relates to sponsorship.

### Provisions

	Group		National Portrait Gallery	
	2021 £000	2020 £000	2021 £000	2020 £000
Provisions brought forward	1,019	8	1,019	8
Utilised in year	(1,019)	-	(1,019)	-
Released in year	-	(8)	-	(8)
Charged in year	14	1,019	14	1,019
Provisions carried forward	14	1,019	14	1,019

Provisions utilised during the year were predominantly amounts relating to redundancy payments made during the 2020-21 as part of the Workforce Change programme. New provisions include ticket refunds relating to cancelled exhibitions, as a result of Covid-19.

#### Contingent liability

During the reporting period, a former employee brought a claim against the Gallery relating to payments made under the Civil Service Compensation Scheme ("CSCS"). The CSCS is a statutory framework which the Gallery is bound to follow and the claim does not relate to the actions (or omissions) of any of the Gallery's officers or employees individually. The claim is part of a much larger piece of litigation being brought by approximately sixty other claimants from across the sector. Preliminary hearings are expected to take place later in 2021. Should the Gallery be unsuccessful in its defence of the claim, the liability is not estimated to be significant. At present no provision has been made in these financial statements as based on legal advice, the Gallery's management does not consider that there is any probable loss.

The Gallery had no contingent liabilities during 2019-20.

## 15. Leases

The National Portrait Gallery does not hold any finance leases.

At 31 March 2021, the National Portrait Gallery had annual commitments under non-cancellable operating leases as follows:

#### Leases for the Group

	Land and buildings £000	Other £000	2021 £000	2020 £000
<i>Leases expiring within</i>				
One year	293	12	<b>305</b>	164
Two to five years	276	13	<b>289</b>	14
More than five years	-	-	-	-
<b>Total</b>	<b>569</b>	<b>25</b>	<b>594</b>	<b>178</b>

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

## 16. Statement of funds

### Statement of funds for the Group

2020-21	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Gains on revaluation £000	Gain on investment £000	Closing Funds £000
<b>Unrestricted</b>							
<i>Designated</i>							
Plant & Machinery, Fixtures & Fittings	2,745	458	80	(1,663)	-	-	1,620
Plant & Machinery revaluation reserve	14,410	(140)	-	-	(581)	-	13,689
<i>Inspiring People Fund</i>	545	(351)	71	(260)	-	-	5
<b>Subtotal</b>	<b>17,700</b>	<b>(33)</b>	<b>151</b>	<b>(1,923)</b>	<b>(581)</b>	<b>-</b>	<b>15,314</b>
<i>Unrestricted funds</i>	681	294	12,426	(10,396)	-	41	3,046
<b>Total unrestricted funds</b>	<b>18,381</b>	<b>261</b>	<b>12,577</b>	<b>(12,319)</b>	<b>(581)</b>	<b>41</b>	<b>18,360</b>
<b>Restricted</b>							
Asset Under Construction	1,569	4,561	-	-	-	-	6,130
Land & Buildings	17,951	3,305	-	(3,996)	-	-	17,260
Land & Buildings revaluation reserve	47,295	(3,305)	-	-	(412)	-	43,578
Heritage Assets	34,466	307	298	-	-	-	35,071
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	8,824	(155)	-	(21)	-	2,143	10,791
Dame Helen Gardiner Fund	9	-	-	-	-	-	9
Grants & Donations Fund for Acquisitions	87	(164)	129	31	-	-	83
Grants & Donations Fund for <i>Inspiring People</i>	4,488	(3,356)	5,471	(141)	-	-	6,462
Grants & Donations Fund for other activities	280	(1,454)	1,593	(179)	-	-	240
<b>Total restricted income funds</b>	<b>114,969</b>	<b>(261)</b>	<b>7,491</b>	<b>(4,306)</b>	<b>(412)</b>	<b>2,143</b>	<b>119,624</b>
<b>Endowments</b>							
Heinz Archive Fund	1,585	-	-	(14)	-	52	1,623
Heinz Acquisitions Fund	1,521	-	-	(4)	-	368	1,885
<b>Total endowment funds</b>	<b>3,106</b>	<b>-</b>	<b>-</b>	<b>(18)</b>	<b>-</b>	<b>420</b>	<b>3,508</b>
<b>Total funds</b>	<b>136,456</b>	<b>-</b>	<b>20,068</b>	<b>(16,643)</b>	<b>(993)</b>	<b>2,604</b>	<b>141,492</b>

Statement of funds for the Group 2019-2020

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

## Fair value reserve (investments) - movements

	As at 1 April 2020 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2020 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<i>Restricted</i>						
Portrait Fund	2,592	2,143	0	4,735	6,056	10,791
<i>Unrestricted</i>						
General fund	1,313	41	0	1,354	1,682	3,036

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

### **Designated funds**

Funds designated for a particular use by the Trustees.

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

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

### **General funds**

Funds available for general use.

### **Restricted funds**

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

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

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

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

## Endowment funds

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

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

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

## 17. Analysis of net assets between funds

### Funds balances at 31 March 2021 for the Group

	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	<b>Total 2021 £000</b>	Total 2020 £000
Tangible assets	15,309	-	66,968	-	<b>82,277</b>	83,970
Heritage assets	-	-	35,071	-	<b>35,071</b>	34,466
Fixed Investments	-	-	8,422	3,508	<b>11,930</b>	9,438
Net current assets	5	8,074	9,163	-	<b>17,242</b>	11,152
Long term creditors	-	(5,028)	-	-	<b>(5,028)</b>	(2,570)
<b>Total net assets</b>	<b>15,314</b>	<b>3,046</b>	<b>119,624</b>	<b>3,508</b>	<b>141,492</b>	<b>136,456</b>

## 18. Cash flow information

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

	<i>Notes</i>	<b>2021</b> <b>£000</b>	2020 £000
Net income/(expenditure) for the reporting period		<b>6,029</b>	(171)
Adjustments for:			
Depreciation charges	9	<b>2,491</b>	3,094
(Profit)/loss on disposal of property, plant and equipment	9	<b>3,168</b>	-
Dividends and interest	13	<b>(4)</b>	(27)
Unrealised (gain)/loss from changes in foreign currency exchange rates		<b>21</b>	(155)
(Gain)/loss on investments	6	<b>(2,604)</b>	477
Investment management fees	6	<b>15</b>	26
Donations of works of art	10	<b>(298)</b>	(1,643)
Donated tangible assets	9	-	(80)
Decrease/(increase) in stocks	11	<b>76</b>	210
Decrease/(increase) in debtors	12	<b>(302)</b>	226
(Decrease) /increase in creditors	14	<b>1,698</b>	1,277
(Decrease) /increase in provisions	14	<b>(1,005)</b>	1,011
Increase /(decrease) in deferred income	14	<b>(419)</b>	(291)
<b>Net cash inflow from operating activities</b>		<b>8,866</b>	3,954

### Analysis of cash and cash equivalents

	<b>2021</b> <b>£000</b>	2020 £000
Balances held with commercial banks	<b>9,183</b>	9,142
Cash in hand	<b>2</b>	48
<b>Cash balance at end of year</b>	<b>9,185</b>	9,190

### Analysis of changes in net debt

	At 31 March 2020 £000	Cash flows	Foreign exchange movements	At 31 Mar 2021 £000
Cash	9,190	16	(21)	<b>9,185</b>
Cash equivalents	-	-	-	-
<b>Total</b>	<b>9,190</b>	<b>16</b>	<b>(21)</b>	<b>9,185</b>
Loans falling due within 1 year	52	147	-	<b>199</b>
Loans falling due after more than 1 year	2,570	2,458	-	<b>5,028</b>
<b>Total</b>	<b>2,622</b>	<b>2,605</b>	-	<b>5,227</b>

## 19. Capital commitments

### Capital Financial commitments

	<b>2021</b>	2020
	<b>£000</b>	£000
Capital expenditure contracted for, but not provided in the accounts	<b>18,905</b>	2,246
Acquisition of works of art contracted for, but not provided in the accounts	<b>20</b>	337
<b>Total</b>	<b>18,925</b>	2,583

### Capital Opening and Closing Financial commitments

	<b>Capital expenditure</b>	<b>Works of art</b>
	<b>£000</b>	<b>£000</b>
Opening commitments at 31 March 2020	2,246	337
Less paid for during the year	(985)	(299)
Less commitments written out	-	(18)
Additional commitments	17,644	-
<b>Closing commitments at 31 March 2021</b>	<b>18,905</b>	<b>20</b>

### Prior year comparative

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

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

Non-artwork capital commitments relate to the building works that form part of the *Inspiring People* project. Payments against these commitments, funded by donations and grants pledged to the project, are expected to take place until 2023.



## 20. Subsidiaries

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

### The National Portrait Gallery Company Limited

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

#### Asset figures taken from the National Portrait Gallery Company Limited accounts

	2021 £000	2020 £000
Fixed assets	-	-
Current assets	860	1,486
Current liabilities	(891)	(1,486)
Long-term liabilities	-	-
Net (liabilities)/assets	(31)	-
Capital and reserves	-	-
<b>Total</b>	<b>(31)</b>	<b>-</b>

Current assets include stock (goods for resale) of £32,328 (£106,268 in 2019-20).

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

	2021 £000	2020 £000
Turnover	254	3,107
Cost of sales	(138)	(1,127)
Gross profit	116	1,980
Other income	-	-
Administrative expenses	(148)	(1,362)
Trading (loss)/profit	(32)	618
Interest receivable	1	2
<b>Net contribution</b>	<b>(31)</b>	<b>620</b>

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

## 21. Related party transactions

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

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

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2021	Expenditure for the year ended 31 March 2021	Debtor balance as at 31 March 2021	Creditor balance as at 31 March 2021
Björn Savén	Björn Savén is a Trustee of the NPG	Membership of the Director's Circle	£8,333	£0	£0	£0
Roger Blundell	Roger Blundell is a Trustee of the NPG	Donation to Inspiring People	£2,500	£0	£0	£0

Jeremy Sillem, a co-opted member of the Investment Committee, is a director and shareholder with Partners Capital LLP. Partners Capital LLP are the Gallery's investment advisors with £19.7m of the Gallery's reserves under management.

## **22. Financial instruments**

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

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

### **Credit risk**

The National Portrait Gallery is exposed to a credit risk of £127,000 representing trade debtors (£433,000 in 2019-20), however the risk is not considered significant as major customers are known to the National Portrait Gallery.

Cash is held by the National Portrait Gallery's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 13.

### **Liquidity risk**

The National Portrait Gallery manages liquidity risk through its reserves policy and regular monitoring of cashflows. In order to ensure that sufficient funds are available throughout the *Inspiring People* project, loans have been arranged with DCMS. The details of these loans can be found in Note 14. As a result, the National Portrait Gallery is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

### **Market risk**

The National Portrait Gallery is not exposed to significant market risk from financial instruments. Interest and investment income represents less than 1% of the total incoming resources for the National Portrait Gallery (less than 1% in 2019-20). The National Portrait Gallery is therefore not exposed to significant interest or investment risk.

### **Foreign currency risk**

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

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

The annual report and accounts were approved by the Accounting Officer and Trustees on 13 July 2021 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

CCS0421427024  
ISBN 978-1-5286-2676-7