

Natural History Museum Annual Report and Accounts 2020-2021

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The Trustees' Annual Report

Reference and administrative details

The Natural History Museum is a non-departmental public body, sponsored by the Department for Digital, Culture, Media and Sport (DCMS), and is an exempt charity as listed in Part 3 of the Charities Act 2011.

Principal Address The Natural History Museum, Cromwell Road, London, SW7 5BD.

Board Members The Board of Trustees comprises the following:

	Appointment period	Appointed by
The Lord Green of Hurstpierpoint (Chair)	To 31 March 2022	Prime Minister
Harris Bokhari OBE	To 12 April 2024	Prime Minister
Dame Frances Cairncross DBE FRSE	To 31 March 2024	Co-opted
Professor Yadvinder Malhi CBE FRS	To 12 April 2024	Prime Minister
Hilary Newiss	To 4 January 2023	Prime Minister
Robert Noel	To 24 April 2024	Prime Minister
Simon Patterson	To 4 January 2023	Co-opted
Professor Sir Stephen Sparks KBE FRS	To 31 December 2022	Royal Society
Dr Sarah Thomas	To 30 November 2024	Co-opted
Professor Dame Janet Thornton DBE FRS	To 31 March 2024	Prime Minister
Dr Kim Winser OBE	To 21 August 2021	Prime Minister

The Trustees' register of interests is available at <http://www.nhm.ac.uk/about-us/governance.html>

Museum Director and Accounting Officer Sir Michael Dixon (until 30 September 2020)
Neil Greenwood (from 1 October to 30 November 2020)
Dr Douglas Gurr (from 1 December 2020)

Bankers National Westminster Bank plc, 186 Brompton Road, London, SW3 1HQ.

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

Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
(for subsidiary accounts)

Solicitors Farrer & Co., 66 Lincoln's Inn Fields, London, WC2A 3LH

Accounts Preparation The annual report and accounts have been prepared in accordance with the accounting policies set out in note 1 (page 45). They comply with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Government Financial Reporting Manual, and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Digital, Culture, Media and Sport, with the approval of HM Treasury.

Structure, governance and management

Status The Trustees of The Natural History Museum were established as a body corporate under the British Museum Act 1963, when the Museum was formally separated from the British Museum, of which it had been a part since the British Museum's establishment in 1753. The Museum is also an exempt charity as listed in Part 3 of the Charities Act 2011.

Statutory duties

Under Section 3 of the British Museum Act 1963, the Museum is responsible for keeping its collections and making them available for inspection by the public.

The Board of Trustees

The Museum is governed by a Board of 12 Trustees who are appointed by the Prime Minister (8), the Secretary of State for Digital, Culture, Media and Sport on recommendation by the President of the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition in accordance with the requirements of the Governance Code on Public Appointments (Appendix B) including the appointment of an Independent Assessor to aid the Nominations Committee. Co-opted Trustees are also appointed by open competition, unless the Chair of the Board is able to demonstrate it is in the best interest of the NHM to not do so.

Further details of Trustees who served during 2020-21 are included in the Governance Statement.

Organisational structure

During the year responsibility and delegated authority for the management of the Museum rested with the Executive Board, under the leadership of the Director of the Museum, who is appointed by the Trustees, and, as the Accounting Officer, is responsible to Parliament.

The Executive Board reflects the functional operation of the Museum and consists of:

Director of the Museum	Dr. Douglas Gurr
Executive Director of Finance and Corporate Services	Neil Greenwood
Executive Director of Development	Fiona McWilliams
Executive Director of Engagement	Clare Matterson CBE
Executive Director of Science	Dr. Tim Littlewood
Chief Information Officer	Alison Davis
Head of Earth Sciences	Richard Herrington
Director of Master-planning and Projects	Keith Jennings
Director of HR	Alison Lodge
Head of Life Sciences	Ken Norris
Director of Communications, Digital and Marketing	Dan Phelan

The Natural History Museum has three wholly owned subsidiaries.

The Natural History Museum Trading Company Ltd is a limited company. The directors are The Lord Green of Hurstpierpoint and Neil Greenwood.

The Natural History Museum Special Funds Trust and The Natural History Museum Benevolent Fund are entities administered by the Natural History Museum and governed by the Natural History Museum’s Board of Trustees.

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Staff and organisation

The Museum is a non-departmental public body and follows policy issued by the Cabinet Office on employment of disabled staff.

During the year the Museum employed 889 staff (average full time equivalents (2020: 887)), of which 690 (2020: 671) were on permanent contracts.

The average days’ sickness per year for permanent and fixed term contract staff was 1.9 days per full time equivalent (2020: 5.7). This is significantly lower due to staff working from home and staff being furloughed.

The Museum made use of the Coronavirus Job Retention Scheme during the financial year 2020-21 with approval from DCMS. As activity reduced significantly across the museum, we were unable to find work for many employees and made the decision to furlough and topped up employees’ pay to their usual pay amount.

The use varied throughout the year as the Museum adapted to closure, along with the opening and reopening of the Museum itself.

In total the Museum claimed £3,103k for 471 employees furloughed at some point through the year. £2,576k (402 employees) related to the Museum, and £527k (69 employees) relating to the Trading Company.

Pension benefits are predominantly provided through the Principal Civil Service Pension Scheme (see note 7 to the accounts). Since 1 April 2017, new employees have been auto enrolled into the NHM Pension Scheme which is a defined contribution scheme provided by Aviva.

A volunteer force of c450 people was registered with the Museum at the beginning of 2020-21 though the majority were not able to attend sites and provide support during the year due to COVID-19.

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2021 was:

	Female	Male
Museum Director and Executive Directors	2	3
Other employees	516	388

Sixteen self-employed individuals (2020: ten) were engaged off-payroll during the year for more than £245 per day in arrangements spanning more than six months. Of these sixteen, three have been engaged for less than one year, including those that reached six months in duration between 1 April 2020 and 31 March 2021. Two had been engaged for between one and two years, four have been engaged for between two and three years, two have been engaged for between three and four years and five have been engaged for longer than four years. None were deemed to be applicable to IR35. None were reassessed for consistency/assurance purposes during the year and no engagements saw a change to their IR35 status.

Consultancy appointments related to training courses, public engagement shows, IT consultancy and collections storage work on an intermittent basis meaning it was not appropriate to administer these individuals through payroll. The Museum conducted risk-based assessments and obtained assurances that these individuals were meeting their Income Tax and National Insurance obligations.

No costs were incurred during the year (2020: none) on consultancy deemed to be of a strategic nature.

Six individual staff members (FTE: six) were relevant union officials during 2020-21. Working hours spent on facility time fell within the 1-50% band for all individuals and no hours were spent on paid trade union activities. The amount paid in respect of facility time to employees who were relevant union officials equated to 0.03% of the total pay bill.

Openness and accountability

The Museum is committed to openness and facilitating easy access to all types of recorded information about its collections, services and corporate activities. In particular, the Museum has a Publication scheme, in accordance with schedule 19 of the Freedom of Information Act 2000, which lists the information made available on a proactive basis.

The Publication scheme is only part of the provision for access to information available under the Act. Any information which is not covered by an exemption will be made available on request.

The minutes of Board meetings and the register of Board members' interests are open to inspection by the public.

The Museum operates and regularly publicises a whistleblowing service for staff. There were no calls to the service during 2020-21.

Relationship with DCMS As a non-departmental public body, the Museum is sponsored by DCMS. This relationship is formalised via the Funding Agreement and a Management Agreement.

The Secretary of State for Digital, Culture, Media and Sport acts as the principal regulator for the Museum as an exempt charity.

Group entities The Museum's accounts are a consolidation of the following:

- The Natural History Museum;
- The Natural History Museum Trading Company Ltd.;
- The Natural History Museum Special Funds Trust; and
- The Natural History Museum Benevolent Fund.

Objectives and Activities

Mission and Vision **Our mission** is to create advocates for the planet.

Our vision is of a future where both people and the planet thrive. To achieve this, we will harness the powerful combination of our three key assets: our collection, our scientific research and our reach to a worldwide audience.

Objectives

We face a planetary emergency. Humanity's future depends on the natural world, but we are not taking effective action to combat our destructive impact on the planet's survival systems. Global warming, biodiversity loss and extinctions, habitat destruction, waste, plastic, air and water pollution, erosion, soil loss, deforestation, desertification, ocean acidification, the loss of coral reefs and other crises all flow from unsustainable human activity. By threatening Earth's natural systems, we threaten our own future. We must act now, we must act on scientific evidence and we must act together.

Our strategy to 2031, the 150th anniversary of the Natural History Museum opening at South Kensington, was published in January 2020. It sets out the part the Natural History Museum will play as a global, scientific and cultural leader. Our five interlinked strategic priorities will drive our activities to 2031. These are:

- Secure the future of our collection: ensuring our collection is safe, accessible and digitally available – for future innovations and generations.
- Transform the study of natural history: applying technological innovations to our collections, collecting and science, bringing benefits to people and planet. Training future generations of scientists.
- Develop our gardens and galleries: creating new spaces, inside and out, combining heritage and experience to connect to nature.
- Engage and involve the widest possible audience: reaching out nationally and globally, onsite and online to create advocates for the planet.
- Create a resilient and sustainable organisation: investing in people, technology and our estate. Striving towards financial and environmental sustainability.

The focus areas will enable us to combine our key assets and make a step change by 2031. Three early focus areas being developed are:

- UK Biodiversity: partnering in the Darwin Tree of Life Project to read the genomes of complex species in the UK as part of the Earth BioGenome Project, and, through our Urban Nature Project, working with partners and communities to tackle the pressing challenges being faced by the UK's urban nature.

- Lessons from the Dinosaurs: using dinosaurs to build understanding of critical concepts such as extinction, change, adaptation and diversity from a young age and working towards our long term ambition of creating a new world-leading dinosaur gallery which helps the public understand the present and the future that we are currently heading towards.
- The Age of Humans: explain how humans are the single most influential species on the planet, and focussing our science and engagement to help people understand what our planet has undergone in the past, how life has responded to environmental changes, and in so doing finding ways to more effectively predict, plan and effect change for the future.

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction of the Museum.

Achievements and activities during 2020-21

Responding to COVID-19

We started the year with the Museums at South Kensington and Tring closed to the public, having closed the doors on 17 March 2020, as the impact of COVID-19 on the UK first started to take effect. We were able to reopen briefly in both August and December with public access being restricted and limited to a maximum of c4,000 visitors per day in a Covid-secure environment as we responded to the latest Government guidance and routes out of lockdown. In total we welcomed over 302,000 visitors from 85 days of being open, which is a significant reduction from the more than 5 million we would have expected in a year. On site, during the periods of closure, a core team kept the estate and collections safe and well maintained while other staff were able to work effectively from home or were furloughed. This enabled significant amounts of activity to be continued and delivered.

Our Collection and our science

Increasing Access

Despite a global pandemic that prevented visitors coming through the Museum doors for most of the year, demand for digital data from the Museum's collections is significant and rising. Digitisation is transforming how the collections are accessed and is revealing the information held in this vast treasure trove to wider audiences.

Throughout 2020-21, we brought the Museum to the world by developing and sharing our collections via agile, relevant and innovative data that provides solutions, support and scientific evidence to the big global questions of our time.

Digitisation update

Remote working has further highlighted the need to digitise collections, making them accessible to the world. In 2020-21, we imaged 30,000 specimens, transcribed data from 143,000, and georeferenced 17,000 as part of our Digital Collections Programme. In May alone almost 380 million records were downloaded from our Data Portal. Digital records compiled by 99 scientists across the world, including botanist Dr Sandra Knapp, revealed a complete list of all known plant life from New Guinea, identifying it as the most floristically diverse island in the world.

The drive for data

In a never-ending drive to debate, solve and interrogate science, data from the collection was used in an average of more than one new scientific publication every day in 2020-21. This represents a growth of 53% on the previous year. Examples of the research our data helped support are diverse, from the conservation of crop wild relatives to mapping Africa's biodiversity and investigations into how Mars may have supported life. This global use of our data reinforces the collection's contemporary value.

Covid-19 and the collection

We are in the process of digitising 6,000 bat specimens, contributing to global Covid-19 research – the virus thought to be the most similar was found in a horseshoe bat species. Data held in museum collections can help uncover how pandemics start, help us stop them in the future and show us how a virus can move from one species to another.

NHM @ Harwell

A new science and digitisation centre will help to secure the collection for future study. Following the government's pledge in March 2020 of £182 million, work is underway to bring to life the 30,000 m² sustainable, flagship centre at Harwell Campus in Oxfordshire. In this collection and research hub, Museum teams will work alongside other scientific talent and laboratories to tackle urgent global challenges, generating and sharing big data and using novel analytical technologies. Our work will transform the study of natural history.

The energy- and space-efficient building will house laboratories, digitisation suites, collaborative research spaces, computing labs, conservation labs and workspaces, as well as leading-edge collections storage facilities.

The urgency of biodiversity loss

Museum Science Leading the Way

Our scientists have published a range of impactful research and forged new partnerships which are improving our understanding of biodiversity loss and how to protect biodiversity in the future.

A deadly delay

As part of the independent Dasgupta Review, Professor Andy Purvis and colleagues were asked by Her Majesty's Treasury to analyse the financial costs of global government inaction in addressing the rapid decline of biodiversity. Their report, submitted in January 2021, revealed that delay, even by a decade, will be twice as expensive as taking action now. Even a small delay may jeopardise the chances of stabilising biodiversity in the future.

Living Planet Report

The World Wildlife Fund's Living Planet Report warned that more infections between animals and humans will occur if biodiversity loss continues. Co-authored by Museum scientists, Professor Andy Purvis and Dr Adriana De Palma, the report included a ground-breaking paper explaining how we can reverse global habitat loss while still meeting the agricultural demands of the planet's population. They argued that, although ambitious, such plans were possible if well coordinated.

Advising the UN

In October 2020 Museum scientists joined a team tasked by the UN's Convention on Biological Diversity to analyse its possible new biodiversity goals. The Museum scientists' advice was hard hitting: no single goal can address everything that is needed to tackle the rapid decline in nature. Our scientists recommended a 'safety net' of multiple, interlinked and ambitious goals, without which future generations will pay the price.

Remarkable discoveries

Over 500 new species were documented by our scientists from almost all kingdoms of life, ranging from lichen, wasps and barnacles to minerals, miniature tarantulas and a monkey. This work is helping us continue to find solutions to the most pressing global issues of our time from food security to climate change.

New Myanmar monkey

DNA analysis of a monkey in the collection has helped to confirm a new primate in Myanmar. The newly named Popa langur monkey lives at a sacred pilgrimage site on an extinct volcano and has already been classed as critically endangered. Its identity was confirmed by comparing it with the skin and skull of a Museum specimen collected in 1913 before modern analytical techniques were developed.

Seaweed for food security

In the warm waters of China researchers found a new species of seaweed and reclassified several other species of algae. Seaweed is useful in aquaculture – the farming of fish, crustaceans, molluscs and aquatic plants – and there is a huge market for algae, which is used as the black wrapping in sushi.

Beetles from the past

Museum scientists discovered that a pair of perfectly preserved beetles, donated to our collection in the 1970s, are almost 4,000 years old – and belong to a species never known to have existed in the UK. The oak Capricorn beetles were radiocarbon dated to reveal they were alive during the time of the ancient Egyptians and can provide a new insight into the weather and forest conditions in the late Bronze age.

Green light for new mineral

Part of the Natural History Museum's geological collection since 1964, a previously undiscovered mineral has been masquerading as a green variety of the traditionally blue liroconite for centuries. It was not until Mike Rumsey, Principal Curator of minerals, decided to investigate colour variation in liroconite that it became recognised as a species new to science. The mineral has been named kernowite after the Cornish name for Cornwall where it was found.

Major scientific collaborations

Significant grants enabled the Museum to conduct world-leading scientific research into everything from charting biodiversity to finding green energy solutions. They help us find solutions from nature and for nature, to address the planetary emergency.

Adding to the tree of life

We are collaborating with the Wellcome Sanger Institute and other world-leading scientific groups to sequence the DNA of all UK species. With more than 66,000 eukaryotic plants and animals to include, the ambitious Darwin Tree of Life project will reference data from the collection and new specimens from the field. The project will help us understand the past, present and future of UK biodiversity and so help us create a future where both people and the planet thrive.

Insights from insects

Understanding the global decline of insects took a leap forward this year when the Museum received a grant of £439,822 from Natural Environment Research Council (NERC) towards the Global Insect Threat-Response Synthesis, where Research Leader Professor Andy Purvis will assemble evidence to help predict future insect declines. He will also produce high-level documents for policy-makers. The loss of insect biodiversity has serious consequences for habitats. With more understanding of the causes and scale of loss, comes more chance of solutions.

Future lithium

The soaring demand for electric vehicles has put pressure on lithium mining, which is needed for their batteries. A £303,000 grant from NERC is enabling Museum scientists Professor Richard Herrington, Dr Alla Dolgoplova, Dr Robin Armstrong and Professor Reimar Seltmann to better understand how lithium is deposited, ensuring it can be mined in both an economic and environmentally

responsible way. This Lithium for Future Technology project is led by British Geological Survey, with universities of Southampton, Exeter and Edinburgh, and UK Research and Innovation facilities.

Food for thought

Food security through science

Increasing crop productivity was a focus for our researchers. They joined an international study to sequence the genomes of 16 world wheat varieties, producing data that will allow breeders to select varieties with higher-yield traits and immunity to pathogens, reducing the need for pesticides. A new high-performance computer facility, funded by Biotechnology and Biological Sciences Research Council (BBSRC) and accessible to Museum scientists and partners, will allow crop researchers to share data more easily, develop new methods of analysis and deliver training, boosting the pace of crop science. Investment in such studies will make future global food provision more secure.

Future food

Training the next generation of scientists is pivotal to ensuring food security. We helped secure a £5 million grant to fund 62 PhD posts in food systems research. It was awarded by BBSRC under the UK Strategic Priorities Fund programme on Transforming the UK Food System, with partners Natural Resources Institute, University College London, Royal Veterinary College, Aberystwyth University, Rothamsted Research, and more than 50 others.

Targeting neglected diseases

A number of grants, including funding from the Bill and Melinda Gates Foundation, enabled us to address more global public health challenges, including the spread of intestinal parasitic worms. The DeWorm3 Programme, managed from a central hub at the Museum and funded by many international partners, is a five-year, community-based trial in India, Malawi and Benin. It tests how to stop transmission. DeWorm3 could contribute towards the global target of eliminating these infections, as part of the World Health Organisation's neglected tropical disease road map.

Out of this world

Looking for life on Mars

Museum scientist Dr Keyron Hickman-Lewis has won a grant to search for traces of ancient life in the specimens returned by the Mars 2020 and ExoMars rover missions. Awarded by the UK Space Agency, the grant will allow Dr Hickman-Lewis to develop techniques to examine rock and soil samples drilled by the rover from seven centimetres below the surface. The grant, worth £359,511, is a unique opportunity to reveal the history of Mars billions of years ago, when it is believed life could have existed.

Meteorite returns home

A Mars meteorite from the Museum collection was returned there as part of the ground-breaking NASA Mars 2020 rover mission. Travelling 100 million kilometres from South Kensington, it will be used as a test sample for the onboard high-precision laser, to ensure its accuracy and precision in situ. Once tested, the laser will go on to search for rocks and soils that might contain organic materials.

Reaching a National Audience

Reaching Audiences Across the UK

The Museum has continued building and strengthening relationships with regional museums through Dippy on Tour and now the Urban Nature Project, where we are working directly with local partners to offer new and exciting opportunities

to those who typically have less access to nature. Our expanded digital offer ensures everyone has access to the Museum, no matter where they live.

The Urban Nature Project

The Urban Nature Project is a major UK-wide partnership programme that builds our understanding of urban biodiversity and engages the nation with the importance of nature in towns and cities. It tells the story of human impact on the planet and creates practical tools for the public, amateur naturalists and conservationists to protect the UK's urban biodiversity for the future.

The Museum has begun piloting a range of innovative, cost-effective technologies to revolutionise our understanding of biodiversity in urban areas, looking at DNA, eDNA and acoustic monitoring. Sharing this knowledge will enable people to find out what lives in their urban areas and help them protect urban nature across the UK.

As well as the national focus, we're also looking to our own front garden in South Kensington and how we can make changes to support biodiversity. In October 2020 we received the go-ahead from the Royal Borough of Kensington and Chelsea to transform the Museum's five-acre site into a fully accessible and biologically diverse green space. The gardens will be a place where visitors can learn more about the incredible diversity of life on Earth, and our scientists can develop best practices to protect urban nature. A cast of the Museum's much-loved *Diplodocus* will take centre stage and new facilities will provide more formal and informal learning opportunities.

In the last year, the Museum has:

- run 25 tests and trials to discover ways of delivering nature-based engagement activities to audiences with a low connection to nature
- established a Youth Advisory Panel of 12 young people from ethnically and culturally diverse backgrounds to explore the causes and consequences of unequal access to quality green space and nature
- met our sustainability targets for the design phase and prepared the ground for the delivery of our targets for the rest of the programme, including reaching net zero carbon
- developed new, low-cost scientific methodologies to uncover the hidden richness of biodiversity in urban areas
- established a UK network of five monitoring sites and ecologists to test and share our learning about the science of urban nature biodiversity monitoring
- established a UK network of 10 partners to deliver a UK-wide national schools learning programme to reach 16,000 students and 1,500 teachers
- received input from over 145 audience insight surveys and focus groups to help us understand our users and their needs and build our programme in response

Growing the Urban Nature Project

Donations and partnerships are integral to the success of the Urban Nature Project. The funds will allow the Museum to reach over 900,000 people through a national learning programme, in particular those who typically have a low connection to nature. In the last year the campaign has made significant strides, with more than £11.5 million of the £19.53 million target being met. Significant contributions have come from the National Lottery Heritage Fund, the Garfield Weston Foundation, the Evolution Education Trust and the Cadogan Charity, and there have also been major gifts from other trusts, foundations, individual donors and companies. Urban Nature Project sponsor Workman has launched a Building Biodiversity campaign, an initiative which aims to increase biodiversity within urban areas and encourage environmental, social and governance practices within the property development industry. They are proactively encouraging their portfolio of property managers and networks to take steps to build and protect biodiversity across the

sites they manage via a toolkit, and are using their platform to champion their partnership with the Urban Nature Project.

A public campaign will launch in autumn 2021 alongside the national schools' challenge, Explore: Urban Nature, which is being kindly supported by Garfield Weston following their successful support of Dippy on Tour.

Natural History Museum: World of Wonder

A four-part, primetime, Channel 5 series showcased the work of staff across the Museum. Between July and October, two crews filmed for 33 days across all three sites, and with scientists out in the field. More than five million viewers watched our collection, science and impact being explored, generating a huge surge in Google searches for the Museum and offering audiences a chance to 'visit' the Museum even while it was closed.

Dippy on Tour

The Diplodocus cast that once stood in Hintze Hall has almost finished its UK tour, seen by 1.7 million people so far. The related exhibition, Natural History Adventures, has had four million engagements. The much-loved dinosaur was most recently at No.1 Riverside Rochdale, enjoyed by 120,000 visitors, including 8,000 schoolchildren, and it even made a guest appearance on Blue Peter and got a badge. Norwich Cathedral will host its finale in the summer 2021. The tour is in partnership with the Garfield Weston Foundation, supported by Dell EMC and Williams & Hill. The legacy of Dippy on Tour will continue with the Urban Nature Project where we are working directly with the same regional museums to continue supporting local communities.

Leading Voices, Big Debates

Annual Science Lecture

Streamed live from Hintze Hall, UN Special Envoy for Climate Action and Finance, Dr Mark Carney, made a keynote speech, followed by a panel discussion and Q&A chaired by Dr Tim Littlewood and including economist Kate Raworth, Professor Ian Bateman OBE and Professor Andy Purvis. They covered the complex relationship between economics and the environment, highlighting the importance of net zero carbon emissions by 2050 and the protection of biodiversity.

Global conversations

A grant from the Wellcome Trust will fund our work with The Museum of the United Nations: UN Live to explore global public perceptions around climate and health. From these discussions, our teams will go on to develop a series of public engagement experiments to understand the best ways to tackle such topics. Partners will come from across the global south.

Expert testimony to Parliament

Professor Andy Purvis told the House of Commons Environmental Audit Committee in October that biodiversity is 'in trouble', but that humanity could still choose 'a more sustainable future where biodiversity is able to thrive, climate change is controlled and people's wellbeing is secured'. The session came ahead of the 15th meeting of countries signed up to the Convention on Biological Diversity, COP15, dedicated to promoting sustainable development across the world.

People and Planet: Global Alliance

In October 2020 we launched People and Planet: A Global Alliance – a collection of 40 science-in-culture organisations to share best practice, learn from one another and develop projects together. The group includes organisations from across the world – both big and small, old and new.

Partners in China

We worked with our Embassy in China to deliver a digital event for International Year of Biodiversity. Using Wildlife Photographer of the Year as the hook and with Executive Director of Science Tim Littlewood presenting, we reached five million people across China. We also held a workshop with Chinese scientists, policymakers and museum professionals to explore ways to work together around COP15.

Reaching a Global Audience

Wildlife Photographer of the Year

With more than 49,000 entries received from around the world, the Wildlife Photographer of the Year awards ceremony went ahead online as a result of the pandemic, reaching a global audience with HRH The Duchess of Cambridge announcing the winning image by Russian photographer, Sergey Gorshkov. The annual exhibition at the Museum gained premier camera makers Leica Camera AG as a sponsor, alongside renewable energy company Ørsted. Touring both UK and internationally, the exhibition showcases new themes drawing on the Anthropocene, the most recent period in time, when humans began to impact the planet.

Digital Museum

We kept close to our audiences through the pandemic with a dynamic digital offer, and it has been the most successful digital year in our history. We innovated with a range of Try this at Home activities, provided donation opportunities across the site, aired live events with scientists and, with support from Google Arts & Culture, took visitors on a virtual tour of the Museum. Our Homework Club was used by parents home-schooling, and there were record downloads from our science Data Portal. As the Museum building opens up, our digital offer will continue to offer audiences across the UK and the globe the chance to engage with our science and collection online.

Fantastic Beasts: The Wonder of Nature

The hotly anticipated exhibition was created in partnership with Warner Bros and the BBC Studios Natural History Unit and invites visitors to delve into stories of myth, magic and legend. Drawing upon our unique collection of more than 80 million objects to explore the links between the magical creatures of the Wizarding World and the remarkable animals in our natural world, the exhibition aims to inspire and encourage visitors to protect the many animals we share our planet with. A virtual tour and accompanying stories were made available in partnership with Google Arts & Culture.

Zero Carbon Target

We're going carbon zero

We launched our commitment to tackling climate change by pledging to have net zero carbon emissions by 2035. This is ahead of the government's target of 2050. We will switch to greener technologies and prioritise energy efficiency and sustainable design. We also now have solar panels at Tring – awarded highly commended at the Museum's + Heritage Awards – and all new buildings will be net zero carbon.

A Museum for All

Making a museum for all

In 2020-21, we renewed our commitment to champion equality, diversity and inclusion, focusing on four key strands: workforce diversity, audience diversity, research culture and understanding and sharing the collections. This is to ensure we communicate and programme in a way that resonates with the widest possible

audience and workforce. We appointed a Cultural Inclusion Lead, a Head of Diversity and Talent and a Community Manager. We also increased diversity and inclusion training across departments, including gender diversity, and we are developing anti-racism training.

A voice for the nation

The Museum has joined other national organisations to give a voice to socially important movements and events. We developed Untold Stories tours, exploring black history and LGBTQ+ and, in January 2021, lit the South Kensington building in purple to mark Holocaust Memorial Day. Throughout October 2020, we celebrated the contributions of black people throughout history, including those of black scientists. We encourage more women to follow science careers and take pride in our LGBTQ+ staff.

Diverse Voices webinar series

We set up a staff webinar called Diverse Voices, a chance for the staff to hear from influential change-makers outside the Museum who have promoted equality, diversity and inclusion, and championed social justice. Discussions have covered decolonisation, workforce diversity, inclusive public engagement and human rights within a museum context. Speakers have included human rights activist, Shami Chakrabarti CBE, and Right Honourable Stuart Lawrence, brother of murdered teenager Stephen.

Dawnosaurs goes digital

Through our Dawnosaurs programme, originally funded by the Wolfson Foundation (until May 2020) and now funded by the Edith Murphy Foundation, we have grown our activities for neuro-diverse audiences to include onsite early openings, online events during the periods of lockdown, and outreach activity packs called 'Dawnosaurs in a Box' which were distributed via food banks and local charities specialising in the autistic spectrum.

Always widening our view

We continue to interrogate our collection through our guiding principles. These are that we acknowledge the history of where our collection comes from and all the people who contributed to it. We want to broaden perspectives – listening and learning from people with a wide range of viewpoints and disciplines – and communicate and share stories about the collection. We will do this by building on existing content and narratives, with fuller stories on the cultural and wider context of the collection, its science and the people associated with it.

Becoming more accessible

Honouring our commitment to engage with the widest possible audience, this year we made changes to our website to make it more accessible. We introduced bolder headings to help users scan and read text and made our weblinks stand out by making them black, bold and underlined. Previously the links were only distinguishable by colour, making it hard for anyone with any kind of vision impairment or those on a mobile device to spot them.

Power to her

Our expert in deep-sea creatures and a champion of diversity in museums, Principal Curator Miranda Lowe, was awarded a place on the BBC's Woman's Hour, Power List 2020, which celebrates 30 high achieving women chosen by the public for making a real change towards a sustainable planet. She received this for communicating her passion for nature and the environment with the next generation. She made a number of appearances on BBC Radio and TV and also gave lectures on curatorial research and popular science.

Our Patrons, Members and Friends

Patrons

We extend our gratitude to the Patrons Circle – a passionate group of Museum supporters whose commitment has remained steadfast throughout lockdown. The generosity of our Patrons puts this group at the forefront of the Museum's work and allows them to experience it in unparalleled ways. Our Patrons have continued to engage with the Museum digitally through a range of bespoke online activities – such as Leadership Question Time, where they were invited to delve deeper and explore topical themes with Museum leadership and scientists. Despite recent challenges, the Patrons Circle remain some of our most valued advocates. We look forward to welcoming its members back to the Museum in the coming year.

Members

Our members are incredibly important to us and we are grateful for their continued support during this difficult time. In June 2020 we launched the Hive, an exclusive online supporter hub with inspiring and uplifting science stories, articles and videos. We also developed a virtual events programme, with a chance to hear the Museum's world-leading scientists discuss the impact of their recent discoveries and ongoing work to help advance the science of nature. Highlights included working with astrophysicist Professor Chris Lintott to host a panel with the Museum's Professor Caroline Smith, Dr Peter Grindrod and PhD student Sara Motaghian on the latest Voyage to Mars on 15 July 2020 and showcasing our connection to Mary Anning through a conversation between actor Kate Winslet and palaeontologist Dr Susannah Maidment, as part of International Women's day on 8 March. We will continue to connect with and inspire our members through a range of onsite and online activities.

Supporter Engagement

With no park runs this year, we invited people to join our very first Virtual Race for Nature. The challenge was to walk, run or wheel around your local area on a route the shape of your favourite animal, vegetable or mineral. Progress was tracked on a running app, in this celebration of biodiversity. With prizes for creativity, people joined from around the world.

Gifts and Partnerships

Philanthropy

The generosity of philanthropic individuals and organisations continues to be instrumental and transformational to our work. We were delighted to receive a number of gifts in aid of the Urban Nature Project this year. We also received vital initial support from the Claude and Sofia Marion Foundation towards the establishment of an innovative new, world-class centre of research, teaching and practice on the national and global challenge of sustainably resourcing the green economy. The centre will look at best practices in the sustainable mining of raw materials needed to support decarbonisation for climate change – vital work to tackle our planetary challenges. Funding will support new research posts to collaborate with existing Museum researchers in mineral science, biodiversity and geomicrobiology. With the support of the Prince Albert II of Monaco Foundation, the Museum has also been able to continue our vital study towards a global understanding of which plant species are under threat and what targets can be set to stop and reverse this decline.

Corporate Partnerships

By working with corporate partners who share our commitment to creating advocates for the planet, we can strengthen the Museum's reach, influence and impact. But with the pandemic affecting how we could deliver benefits, we explored creative solutions to keep relationships with our partners thriving. These included creating corporate supporter e-newsletters to keep in touch, as well as

showcasing our exclusive online content. Alongside our partnership with Workman in support of the Urban Nature Project and our brilliant sponsorships with Ørsted, Leica Camera and Google Arts & Culture for our exhibitions, we worked creatively and collaboratively to launch two digital public-facing campaigns to connect our audiences with nature: a family festival with Pukka Herbs, where together we encouraged the public to tune in to nature through fun activities and how-to videos, and a four-week LEGO® Life Forms building challenge with the LEGO Group, where we asked the public to build a life form that would thrive on four different exo-planet environments.

Innovation during lockdown

Access all areas

We were chosen as the venue for an ITV Christmas special, hosted by singer Gary Barlow. The music event was set among the exhibits and featured a host of famous faces including singer Michael Bubl , comedian Jack Whitehall and Britain's Got Talent judge Alicia Dixon. Gary played songs from his new album and described the Museum as 'one of the most exciting locations in London'.

Behind closed doors

Lockdown restricted our offer as an event space, and so we focussed on film and photoshoot hire, such as the television series *Made in Chelsea*. We hosted several live music events, including a unique collaboration between singer and Brit-award nominee Dermot Kennedy with actor Paul Mescal, known for his role in the BBC series *Normal People*. As a nature lover and regular visitor, Dermot felt the pandemic had helped inspire creativity when it came to staging events without an audience.

Designs from nature

The online shop had its most successful year to date, while our licensing team launched collaborations with a range of exciting brands including Roald Dahl and Marks & Spencer, made.com, Finisterre and John Lewis. A collaboration was also developed with The Royal Mint to create commemorative 50p pieces featuring dinosaurs, celebrating Britain's contribution to their discovery. The collection includes *Megalosaurus*, *Iguanodon* and *Hylaeosaurus*, the three creatures that led renowned anatomist Sir Richard Owen to invent the name 'dinosaur' in 1842.

Plans for 2021-22

COVID-19 continues to be a major factor in the Museum's operating environment and uncertainty remains over how quickly visitors will return and self-generated income streams will recover as restrictions are reduced.

An operating plan is in place for the year to ensure that key objectives are resourced and monitored. These include reaching key milestones for the NHM@Harwell project, advancing the Urban Nature Programme to RIBA Stage 5 whilst moving into the operational stage of the national activities programme and continuing to progress the development and delivery of digital projects throughout the year.

The Museum reopened its doors and special exhibitions to the public on the 17 May 2021. At South Kensington, the blockbuster exhibition, *Fantastic Beasts™ The wonder of Nature*, will now be open to early January 2022, alongside the annual *Wildlife Photographer of the Year and Our Broken Planet: How We Got Here and Ways to Fix It* where an evolving display of objects chosen by our scientists will reveal the consequences of our actions as well as examining the potential solutions.

The Museum was also delighted to receive a piece of the Winchcombe meteorite that landed in February 2021. Now on display in The Vault, this carbonaceous chondrite is one of only a thousand known meteorites of this type in the world.

Dippy on Tour concludes this year with Dippy, the Natural History Museum's iconic Diplodocus cast, taking up residence in the nave of Norwich Cathedral from 13 July through to 30 October 2021.

In Australia, the *Treasures of the Natural World* exhibition opened at the Melbourne Museum on 25 June 2021 and will display over 200 specimens and artefacts from the Museum's collection until 16 January 2022.

As part of our growing digital offer, the Museum launched its first podcast on the 1 July 2021. Titled *Wild Crimes*, the series, hosted by postdoctoral researcher Tori Herridge and science communicator Khalil Thirlaway, will trace the origins of some of the biggest wildlife smuggling rackets on the planet, and go in search of solutions, both global and personal.

Results of the Natural History Museum and consolidated subsidiaries

The closure of the Museum for the majority of the year had a significant impact on the level of self-generated income, in particular visitor related income and from other trading activities. This was mitigated in part by Covid support funding from the Government of £10.1m and by use of the Coronavirus Job Retention Scheme (CJRS) to fund salary costs of £3.1m. The CJRS was used to preserve jobs, particularly front of house and in the Trading Company where activities were immediately halted when the country first went into lockdown in March 2020. However total income reduced by £9.4m to £82.4m (2020: £91.8m). There was additional mitigation arising from control on total expenditure which amounted to £82.2m (2020: £96.3m). This included a significant reduction in estate related costs, a recruitment and pay freeze, limited use of agency staff, reduction of trading costs and marketing activity, and a decrease in other public engagement, curatorial and research activity. A limited redundancy and voluntary exit programme was undertaken which resulted in the departure of 28 staff at a cost of £1.1m (2020: £0.1m), and additional costs were incurred to provide a Covid-19 safe and secure environment for staff who continued to visit the sites and for public visitors, and for facilitating home working

As a result, for the year there was an overall consolidated surplus for the year before gains and losses on investments and revaluation of £0.1m (2020: £4.5m deficit). Without Covid support and use of the CJRS there would have been a deficit of £13.1m. After adjusting for depreciation, amortisation and loss on disposal of fixed assets (being non-cash items), which is considered a more meaningful indicator of in year financial performance, there was an overall surplus of £14.9m (2020: £9.8m surplus) which reduces to a small surplus of £1.7m (2020: £9.8m surplus) without Covid support and use of the CJRS.

Available reserves at 31 March 2021, as represented by current assets less liabilities, amounted to £16.3m (2020: £11.6m). This includes the general fund, the unrestricted and non-designated reserve, which amounted to £4.0m (2020: £6.8m). This is in line with the minimum reserve figure of £4m approved by Trustees as part of the annual budgeting process and is held to manage cash flow and budgetary risks. Designated cash reserves amounted to £6m including funds held to underpin future capital expenditure in the Urban Nature Project, committed expenditure on estate infrastructure improvements and other critical and strategic investment and is expected to be mostly spent in 2021-22. In addition, there were reserves of £1.3m held within the designated fund for future scientific research (2020: £1.2m), and £2.6m (2020: £3.3m) held within restricted funds for future investment in capital projects and activities.

These figures are summarised below

	2021 £m	2020 £m
Net income for the year before depreciation, amortisation, losses on disposal, asset indexation and revaluation	14.9	9.8
Net income for the year excluding additional government Covid support and CJRS	1.7	9.8
General Fund	4.0	6.8
Current assets less liabilities	16.3	11.6

Capital expenditure for the year (tangible fixed assets) amounted to £10.0m (2020: £8.6m) including significant expenditure on core estate infrastructure including fire precautions work and the recladding of the Palaeontology building at South Kensington (funded by DCMS Museum Infrastructure Fund), design and development of the gardens at South Kensington for the Urban Nature Project, and further investment in scientific equipment and IT infrastructure.

Total net assets at 31 March 2021 amounted to £651m (2020: £659m) of which £96.2m is restricted (2020: £100.2m). Total fixed assets of £635m (2020: £648m) accounted for the majority of the total assets and predominantly reflect land and buildings such as the Waterhouse Building, and the Museum's collection. These buildings are not realisable assets and maintaining them creates an ongoing strain on resources.

The Natural History Museum Trading Company Limited

The Museum established a trading company, The Natural History Museum Trading Company Limited, on 1 April 1994. It comprises the activities of retailing, venue hire, catering, brand management, the picture library, touring exhibitions, the Wildlife Photographer of the Year Competition, catering and consultancy.

Profits from the Trading Company are paid to the Museum under Deed of Covenant. For 2020-21 no payment has been made (2020: £6.7m), as the Trading Company made a loss of £0.9m due to Covid-19 restrictions curtailing most of the business activities.

The key risks to business performance for the Trading Company are those which impact upon the volume of visitors to the Museum including tourism in London, those which relate to carrying out international business and the overall state of the economy, all of which will continue to be affected by the impact of COVID-19 for the foreseeable future. The Museum re-opened to the general public on 17 May 2021 in line with Government restrictions which allowed for many of the business activities to recommence. The Directors of the Trading Company continue to adopt the going concern basis for preparing its accounts, as the Museum has provided a letter of support. However, there is continued uncertainty in respect of the trading environment as outlined in the key risks above.

The results of the Trading Company are included in the Museum's consolidated accounts and are summarised in note 12.

The registered office of the Trading Company is at The Natural History Museum, Cromwell Road, London SW7 5BD.

The Benevolent Fund

The Benevolent Fund was established by the British Museum Trustees on 14 March 1936 having been passed to the Trustees by Dr G. E. Herbert Smith. The income from the fund is to be used "to assist members of staff, in particular those less well paid, who may fall upon misfortune". Assistance is usually given by way of small grants or interest free loans to members of staff.

The balance of funds held at 31 March 2021 was £49.1k (2020: £42.9k).

The Special Funds Trust The Natural History Museum Special Funds Trust governs a scheme set up in 2000 to consolidate and administer a number of individual funds. The Trust applies the income in or towards the furtherance of the work of the Museum for which provision is not made from public funds. Funds are allocated with due consideration to the intentions of the original funds.

The balance of funds held at 31 March 2021 was £6.3m (2020: £5.2m).

The Funding Agreement The Museum has a Funding Agreement with DCMS which sets out what the Government expects the Museum to deliver for the Grant-in-Aid it receives. The current funding allocation covers the period to 2021-22.

The Grant-in-Aid for the period 2019-20 to 2021-22 is as follows:

	2020	2021	2022
	£000	£000	£000
Resource Grant-in-Aid	40,872	41,614	41,614
Additional Grant-in-Aid for coronavirus support	–	10,100	8,403
Capital Grant-in-Aid			
Baseline	2,300	2,300	2,300
Museums Infrastructure Fund	3,500	2,000	–
Science and Digitisation Centre	–	1,540	6,550
National museums maintenance fund	–	2,700	–
Public Bodies Investment Fund	–	–	7,605
Total	46,672	60,254	66,472

The Museum received additional capital Grant-in-Aid in 2020-21 of £2.0m under the Museum Infrastructure Fund to support investment in fire precautions measures and in the Ornithology Building at Tring and a further £2.7m from the National Museums Maintenance Fund towards the Palaeontology Building and other much needed improvements at South Kensington. For 2021-22 the Museum has been allocated an additional £7.605m under the Public Bodies Investment Fund to continue fire precautions work and replace the roofs of the western galleries in the Waterhouse Building. As part of the £182m awarded in March 2020 for the Museum's new Science and Digitisation centre the Museum received £1.54m in 2020-21 with the second year's allocation set at £6.55m for 2021-22.

For the purposes of consolidated budgeting and monitoring with DCMS during the year, reflecting HM Treasury guidance, a budget of £4.074m for the Museum's net operational non-capital research spend is reallocated to Capital Grant-in-Aid, thereby reflecting budgeting totals for 2020-21 of £37.54m for Resource Grant-in-Aid and £8.374m for Capital Grant-in-Aid.

The Museum received coronavirus support funding from DCMS of £10.1m in the year. Additional coronavirus support for 2021-22 amounts to £8.4m and funding is based on continuing assessment of need taking account of income and expenditure during the year.

Financial risks arising from COVID-19 and Brexit

The Museum is dependent on self-generated income to fully deliver its strategic, charitable and statutory objectives. COVID-19 has had, and will continue to have, a significant impact on all of these income streams for the foreseeable future, and any projections for these income streams are highly uncertain. This includes all those that are related to public visitors, sponsorship and philanthropy, touring exhibitions, and others related to the state of the economy. Therefore, the Museum has taken action to reduce costs in the year, restructure business areas that were most adversely affected and reprioritise projects as needed.

The ability to manage the risk thereafter will depend on the outcome of the Government's Spending Review scheduled for 2021, the Museum's recovery of

visitor-related income streams following reopening to the public on 17 May 2021, the performance of all other self-generated income business activities and control and limiting of expenditure.

The Museum continues to receive EU funding in line with those grants which were awarded prior to 31 December 2020. We are not eligible to apply directly for new awards, and while this may impact on science research funding, it does not lead to significant financial risk.

Details of key strategic risks and mitigating actions are provided as part of the Governance Statement on page 33.

Reserves policy

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves (i.e. those funds that are not restricted or tied up as fixed assets), in particular the unrestricted General Reserve, appropriate to the scale, complexity and risk profile of the Museum. This takes into consideration the funding base which consists predominantly of Grant-in-Aid under the funding agreement with DCMS which covers the period 2021-22 and self-generated trading income, scientific grant income and sponsorship, which can be variable.

The level of reserves was set to provide a comfort level for shortfalls in income and to underpin cash flow and budgetary risks particularly arising from capital expenditure projects, not the exceptional circumstances of COVID-19. Taking an overall view of the annual operational expenditure and level of comfort required the Trustees approved at their Board meeting in February 2021 a minimum level of unrestricted general fund of £4m. At 31 March 2021 the general fund amounted to £4.0m.

Trustees also designate funds for specific projects and activities. Designations currently include funds to underpin investment in the Urban Nature Project, investment in estate infrastructure and galleries and for scientific research which have been derived over a number of years from income from scientific activities exceeding an annual target.

Investment powers and policy

The Museum's investment powers are established in its Management Agreement with DCMS. This states that the Museum may not invest Grant-in-Aid income but that the Museum is free to invest non-Grant income in line with the relevant Charity Commission guidance on investments.

The Museum invests cash balances in accordance with its Investment Policy. The Policy addresses management of liquidity, credit, interest rate, procedural and foreign currency risk and the stated aim of the Policy is to achieve a balance between income and growth with moderate to low risk. Investments are currently held in mixed portfolio funds to achieve this aim.

Sustainability

The Museum is committed to reaching net zero carbon as fast as we can and in 2020-21 we launched our Sustainable by Nature Plan which sets out how this will be achieved by 2035.

The Museum's sustainability data will be published later in the year by The Department for Food and Rural Affairs as part of the Greening Government Commitments report.

Specific activities undertaken and achievements during 2020-21 include:

- Solar panel project at Tring – as part of the recladding of our Ornithology building at Tring the Museum completed the installation of 318 solar panels that will generate enough electricity to meet the building's annual energy needs. The project achieved a Highly Commended Award in the Museums + Heritage Awards for Sustainability Project of the Year.
- Project Chrysalis (Energy Centre) – The key project in achieving our Sustainable by Nature commitments. This year we started the procurement

process that will see the Museum link up with a long-term energy partner to decarbonise the energy centre and drive us towards net zero carbon.

- Water fountains – Our Estates team installed 2 new water refill stations, giving Museum visitors the opportunity of refilling their water bottles for free and supporting our efforts to reduce single use plastic.
- Reuse in Retail – Our Retail Department identified an opportunity to reduce our packaging spend, cardboard waste and costs, by shredding the cardboard from our warehouse deliveries and using that material as internal packaging to protect our ecommerce orders. Since it was installed, 400kg of cardboard has been reused, preventing 7 bales from being transported for recycling, moving the management of this material up the waste hierarchy, supporting the circular economy and saving recycling costs. In addition, we have saved on bubble card that would have originally been bought in, reducing deliveries to site as well as costs.
- Licensing for the Planet – Recent fashion collaborations, a childrenswear range with John Lewis and a Finisterre capsule collection, have had an environmental focus woven through every aspect of product development and marketing.
- Variable Speed Drives (VSDs) – We have worked with our hard services contractor in Estates to install 2 VSDs to Air Handling Unit fans in one of our plant rooms and have adapted the control strategy to be demand led, rather than running 24/7. This will reduce energy consumption, helping to lower running costs and carbon emissions. The works are expected to save 20 tonnes of carbon and almost £10,000 in energy costs per year, with a payback period of a little over a year.
- Switching to LED – Our Estates Department and hard services contractor are continuing to replace old lighting with new LED replacements. In the last 12 months, they have replaced approximately 250 T8 fluorescent light fittings with LED, which are expected to achieve energy savings of up to 40% per fitting.
- Minimising Waste – In order to help reduce plastic waste, our soft services provider are refilling hand sanitiser bottles and using Anti-Viral sachets to re-fill trigger spray bottles within office cleaning stations.

Fundraising Regulations

The Natural History Museum Trustees oversee a range of fundraising activities which support the vital work of the Museum in a long-term and sustainable manner and in line with our mission and values. No professional agents are used for fundraising directly to the public and members of staff engaged in fundraising activities are subject to cross-Museum policies alongside departmental procedures, standards and guidelines. A Donor Stewardship Matrix is in place to ensure our supporters are communicated with appropriately and carefully, and all staff receive ongoing training to ensure they act in accordance with the highest legal, ethical and professional standards. This includes safeguarding people from unreasonable intrusion on their privacy and undue pressure to donate. The Museum has also signed up to receiving suppressions under the Fundraising Preference Service.

The Trustees receive progress reports throughout the year in order to review and oversee all aspects of fundraising as part of their statutory responsibilities. The Museum has a number of feedback mechanisms in place for the public as detailed on its website, and responds to all questions, complaints and comments in a timely and transparent way. No fundraising complaints have been received by the Museum in 2020-21 (2020: nil).

The Museum is registered with the Fundraising Regulator, pays its annual levy and reviews all relevant working practices in order to ensure full compliance with the regulator's Fundraising Promise and the Code of Fundraising Practice on an ongoing basis.

Payment of creditors

The Museum observes the principles of the Better Payment Practice Code in ensuring that creditors should be paid within the terms of credit. The Museum policy is that creditors are paid within 30 days of invoice date unless separate arrangements have been contractually agreed.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

6 July 2021

Appendix 1**Performance indicator information, including those indicators listed in the Funding Agreement**

Performance indicator	2021 Outturn	2020 Outturn	2019 Outturn	2018 Outturn	2017 Outturn
Number of days open	85	363	362	362	362
Visitors					
Total number of visitors (South Kensington and Tring) (k) [1] [2]	302	5,304	5,493	4,712	4,606
Number of child visitors (k) [1] [3]	94	1,252	1,512	1,192	1,099
Number of over 60s visitors (k) [3]	15	437	343	291	245
Number of UK visitors from lower socio-economic groups (NS-SEC Groups 5-8) aged 16 and over (k) [3]	53	198	227	219	253
% of visitors who thought the museum was excellent / good [3]	94	99	98	96	97
Digital					
Number of unique website visits (m) [1]	15.3	14.3	12.8	9.9	9.2
Learning					
Facilitated and self-directed visits by visitors under 18 years old and in formal education (k) [1] [4]	–	259.9	231.2	209.7	252.0
The number of instances where visitors under 18 years old have participated in on-site activities (k) [1] [4]	10.5	269.5	300.0	290.0	291.3
Science					
Number of peer reviewed research publications	878	511	482	530	692
Value of major research grants won (£m total value to the Museum)	5.0	6.8	4.4	5.4	4.3
Number of visitor days for visiting researchers	77	12,901	15,125	12,721	8,103
Number of UK loan venues [1]	201	97	96	45	41
Number of enquiries to Science Group	4,991	7,061	4,501	7,787	6,675
Income generation					
Gross income from admissions (£m)	0.21	2.85	3.46	3.58	2.92
Net income / (loss) from trading activities (£m) [1]	(1.4)	9.6	9.0	6.6	7.1
Fundraising income (£m)	3.0	6.9	6.6	6.3	9.1
Charitable giving					
Total income from charitable giving (£m) [1]	2.8	8.7	7.7	6.9	6.4
Charitable giving as a % of Grant-in-Aid [1]	5	19	18	17	13

[1] DCMS key and additional performance indicators from the Management Agreement.

[2] 2016-17 was restated from numbers originally published to include visitors to Tring.

[3] In 2020-21 a new approach to surveying had to be taken as the methodology of sampling previously followed was not possible in a COVID-19 environment. Therefore, numbers are not directly comparable to previous years.

[4] Due to lockdown and social distancing requirements in 2020-21 there have been no formal education onsite and the offer of on-site activities was reduced.

Report on the Remuneration of Senior Management

The senior management of the Museum are considered to be the Executive Board, with whom responsibility and delegated authority for the management of the Museum rests. The Executive Board is under the leadership of the Director of the Museum, who is appointed by the Board of Trustees, and who, as the Accounting Officer, is responsible to Parliament. The Executive Board reflects the functional operation of the Museum.

The Trustees receive no remuneration.

Service contracts

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

The senior management of the Museum hold appointments which are open-ended with a notice period of six months. Termination payments are in accordance with contractual terms. During the year 2020-21 there were no compensation or severance payments to senior management.

Remuneration Committee

The Board of Trustees has established a Remuneration Committee to support it in undertaking its responsibilities for overseeing the performance and remuneration of the Museum's senior management. In particular it oversees the performance and remuneration of the Museum Director and receives and approves recommendations from the Director with regard to the remuneration of other senior managers.

The membership of the Remuneration Committee for 2020-21 comprised:

The Lord Green of Hurstpierpoint
Professor Dame Janet Thornton DBE FRS
Dame Frances Cairncross DBE FRSE

The Director and the Director of Human Resources attend any meetings which review senior management remuneration except for discussion concerning their own pay and performance.

Policy on the remuneration of senior managers for current and future financial year

At the beginning of the year, senior managers are set objectives based on the Museum's strategic plan, which aligns to the delivery of the Museum Strategy. At the end of the year they are assessed by the Director on how far they have achieved their objectives and their performance is rated accordingly. The Chairman of Trustees assesses and rates the Director's performance. All ratings are then reviewed by the Remuneration Committee. All components of senior managers' remuneration, including an incentive bonus scheme, are dependent on delivery and performance.

When determining salary levels, a number of factors are taken into account:

- the projected budget for the annual staff settlement;
- salary levels internally and in the market place (through salary surveys);
- job size and whether this has changed over the period (through formal evaluation, where applicable);
- the performance and contribution of the individual over the period, assessed through performance appraisal; and
- issues of retention.

The Director is eligible for a bonus up to a maximum of 15% of gross salary. This is determined by an assessment of his performance and achievement of delivery targets carried out by the Chair of the Trustees which is reviewed and confirmed by the Remuneration Committee. Sir Michael Dixon, whilst Director, was paid a bonus in 2020-21 for performance relating to 2019-20 and this is recognised in the year of payment.

Senior management other than the Director are eligible for a bonus up to a maximum of 7.5% of their gross salary, based upon achievement of their objectives and their performance, as assessed by the Director and reviewed and confirmed by the Remuneration Committee. Executive Board directors waived their entitlement to bonuses relating to the performance year 2019-20 which would have been payable in 2020-21.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the senior management of the Museum.

Remuneration

	Salary		Bonus payments		Benefits in kind		Pension benefits		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000	£000 ¹	£000 ¹	£000	£000
Dr Douglas Gurr <i>Museum Director, Accounting Officer (from 1 Dec)</i>	55–60 (FTE 175–180)	–	–	–	1.5	–	–	–	55–60	–
Sir Michael Dixon <i>Museum Director, Accounting Officer (to 30 Sep)</i>	95 – 100 (FTE 175–180)	175–180	25–30	20–25	2.3	5.8	42	55	165–170	260–265
Neil Greenwood <i>Executive Director of Finance and Corporate Services (to 30 Sep; from 1 Dec) Acting Museum Director (from 1 Oct to 30 Nov)</i>	125–130 (FTE 120–125) (FTE 150–155)	120–125	–	5–10	–	–	76	31	225–230	155–160
Fiona McWilliams. <i>Executive Director of Development</i>	120–125	120–125	–	5–10	–	–	48	47	165–170	175–180
Clare Matterson CBE <i>Executive Director of Engagement</i>	145–150	140–145	–	5–10	–	–	–	–	145–150	150–155
Dr Tim Littlewood <i>Executive Director of Science</i>	120–125	105–110 (FTE 120–125)	–	0–5	–	–	42	169	160–165	285–290

The above information has been subject to audit.

Salary

‘Salary’ includes gross salary; and any allowance to the extent that it is subject to UK taxation.

Bonus payments are shown separately in the remuneration table.

This presentation is based on payments made by the Museum and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The Museum Director has use of the Lodge on the Museum’s South Kensington site for accommodation. The costs of utility services provided to the Lodge are met by the Museum Director.

Pay multiples

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

The remuneration of the highest-paid director in the financial year 2020-21 was £175,000-£180,000 (2020: £205,000-£210,000). This was 5.2 times the median salary of the workforce (based on permanent and fixed

¹ The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

term appointment staff), which was £34,421 (2020: 6.0 times the median of £33,664) with the reduction due to the change in Museum Director during 2020-21.

In 2020-21, no employees received remuneration in excess of the highest paid director (2020: none). Remuneration ranged from £20,931 – £175,000 (2020: £20,931 – £175,000).

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

The above information has been subject to audit.

Pension benefits

	Accrued pension at pension age as at 31 March 2021 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV ² at 31 March 2021 £000	CETV ² at 31 March 2020 £000	Real increase in CETV ² £000
Dr Douglas Gurr <i>Museum Director, Accounting Officer</i>	–	–	–	–	–
Sir Michael Dixon <i>Museum Director, Accounting Officer</i>	45-50	0-2.5	865	818	38
Neil Greenwood <i>Executive Director of Finance and Corporate Services</i>	45-50 plus a lump sum of 140-145	2.5-5 plus a lump sum of 10-12.5	1,119	1,003	75
Fiona McWilliams <i>Executive Director of Development</i>	15-20	2.5-5	239	191	32
Clare Matterson CBE <i>Executive Director of Engagement</i>	–	–	–	–	–
Dr Tim Littlewood <i>Executive Director of Science</i>	45-50 plus a lump sum of 130-135	2.5-5 plus a lump sum of 5-7.5	1,171	1,071	46

The above information has been subject to audit.

For the majority of staff who joined the Museum prior to the 1 April 2017, pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, Museum staff would have been in one of five defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos** or **alpha**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. From 1 April 2015 new entrants were entered by default into the **alpha scheme** unless they have reserved rights, from previous Civil Service employment, to remain in one of the other schemes. All employees continue to have the option for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**Civil Service Pension Partnership Account**).

From 1 April 2019 employee contributions within PSCPS continued to be salary-related and ranged between 4.6% and 8.05% of pensionable earnings for **classic**, **premium**, **classic plus**, **nuvos** and **alpha** members.

² Cash Equivalent Transfer value.

Increases to employee contributions will apply from 1 April 2019. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In **alpha** pension accrual is similar to **nuvos** but the accrual rate is 2.32% of pensionable earnings. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a defined contribution scheme. The employer makes a basic contribution as a percentage of pensionable earnings. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary.

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. The pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The pension age for **alpha** is the later of either the members State Pension Age (SPA), or age 65.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

From 1 April 2017, all new employees, who are not eligible for one of the Civil Service Pension schemes, are auto-enrolled into the NHM defined contribution Pension Scheme. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%. Further details can be found at <http://avivapensiondocuments.co.uk/NaturalHistoryMuseum>

Cash Equivalent Transfer Values (CETV)

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

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

Real increase in CETV

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

Other information

None of the Directors held any other positions or had any business interests which represented a conflict of interest in connection with their position at the Museum.

The Trustees of the Natural History Museum are not remunerated. Expenses paid are disclosed in note 7 to the financial statements.

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2021			2020		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	9	2	11	15	–	15
£10,000 – £25,000	2	8	10	–	1	1
£25,000 – £50,000	1	13	14	–	–	–
£50,000 – £100,000	–	4	4	–	–	–
£100,000 – £150,000	–	–	–	–	–	–
Total number of exit packages	12	27	39	15	1	16
Total resource cost (£)	88,977	976,907	1,065,884	81,958	21,790	103,748

The above information has been subject to audit.

Redundancy and other departure costs have arisen as a result of expiring fixed term contracts and restructuring within the Museum.

Where employees are members of the Civil Service Pension Scheme redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. Where employees are not members of the Civil Service Pension scheme (all joiners since April 2017) costs are statutory, contractual and in line with relevant Museum policies. These costs are absorbed by the Museum.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

6 July 2021

Statement of Trustees' and Director's Responsibilities

Under Sections 9(4) and (5) of the Museums and Galleries Act 1992, the Trustees of the Natural History Museum are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Digital, Culture, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year.

In preparing the Museum's accounts the Trustees are required to:

- comply with the Government Financial Reporting Manual;
- observe the Accounts Direction 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 on a reasonable basis;
- state whether applicable accounting standards and statements of recommended practice 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 Museum will continue in operation.

The Accounting Officer for DCMS has designated the Director as Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records and for the safeguarding of the Museum's assets, are set out in Managing Public Money, issued by the Treasury.

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

The Trustees and Accounting Officer confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

6 July 2021

* A copy of which is available from the Executive Director of Finance and Corporate Services, The Natural History Museum, Cromwell Road, London SW7 5BD.

Governance Statement

The Governance Framework

The Museum is governed by a Board of twelve Trustees who are appointed by the Prime Minister (8), the Secretary of State for Digital, Culture, Media and Sport on recommendation by the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition in accordance with the requirements of the Governance Code on Public Appointments (Appendix B) including the appointment of an Independent Assessor to aid the Nominations Committee. Co-opted Trustees are also appointed by open competition, unless the Chair of the Board is able to demonstrate it is in the best interest of the Museum not to do so.

The Board meets generally four times a year. In addition, strategy days are arranged with at least one taking place annually. The Board receives reports on a regular basis covering key performance indicators, financial performance, Science and Public Engagement activities, Audit and Risk Committee, health and safety, and an annual report on security (physical and information). In addition, the Board approves the annual budget and future financial plan, the strategic plan and receives, and approves, major strategies and projects where appropriate.

In 2020 the Board approved a new Museum strategy to 2031, which sets clear strategic objectives and the Board is satisfied that good plans are in progress for delivery. During the year 2020-21 the following served as Trustees:

	Attendance at Board Meeting (max 5)	Attendance at Audit and Risk Committee (max 4)	Attendance at Remuneration Committee (max 2)	Attendance at Infrastructure Committee (max 5)
The Lord Green of Hurstpierpoint <i>(Chair. Member of the Remuneration Committee and Property Committee)</i>	5/5	–	2/2	4/5
Professor Sir John Beddington CMG FRS	5/5	–	–	–
Harris Bokhari OBE <i>(appointed 13 April 2021 Member of the Audit and Risk Committee from November 2020)</i>	3/4	1/2	–	–
Dame Frances Cairncross DBE FRSE <i>(Member of the Remuneration Committee)</i>	5/5	–	2/2	–
Professor Yadvinder Malhi CBE FRS <i>(Appointed 13 April 2020. Member of the Audit and Risk Committee from November 2020 to January 2021; Member of the Infrastructure Committee from April 2021)</i>	4/4	1/2	–	–
Hilary Newiss <i>(Chair of the Audit and Risk Committee)</i>	5/5	4/4	–	–
Robert Noel <i>(Member of the Audit and Risk Committee. Chair of the Property Committee)</i>	5/5	4/4	–	5/5
Simon Patterson	5/5	–	–	–
Professor Sir Stephen Sparks CBE FRS <i>(Member of the Infrastructure Committee to February 2021; Member of Audit and Risk Committee from April 2021)</i>	5/5	–	–	5/5
Dr Sarah Thomas <i>(Appointed 1 December 2020; member of the Infrastructure Committee from February 2021)</i>	1/1	–	–	1/1
Professor Dame Janet Thornton DBE FRS <i>(Member of the Remuneration Committee)</i>	5/5	–	2/2	–
Dr Kim Winser OBE	5/5	–	–	–

An extraordinary board meeting was held on 2 April 2020 to consider the implications of and response to the COVID-19 crisis.

Colin Hudson serves as a co-opted member of the Audit and Risk Committee and attended four (of four) meetings during 2020-21.

Trustees are initially appointed for a four-year period and may be appointed to serve a second four-year term before standing down.

All Trustees attend a one-day induction and training course and are issued with documents relating to the Museum's corporate governance framework.

There are three regular formal sub-committees of the Board of Trustees as follows:

- **The Audit and Risk Committee** generally meets four times a year to receive reports on risk management, including on the management of specific major risks, on any internal control issues from the Risk and Assurance unit, on matters arising from external audits, to review progress on the implementation of recommendations, to review the annual accounts and recommend their approval to the Board of Trustees, and also receives a sample of audit reports. The Committee received and reviewed reports during the year on cybersecurity and homeworking, planning for the operational and financial impact of COVID-19, the health and safety management system risk in relation to NHM@Harwell, and collections assurance. The Chair of the Audit and Risk Committee reports any matters arising directly to the Board.
- **The Remuneration Committee** generally meets once a year to review performance and consider performance related pay for the Museum Director and other members of the Executive Board (see Report on the Remuneration of Senior Management).
- **The Property Committee** provides support to the Board of Trustees regarding stewardship of the Museum's real estate including the development of a long term property strategy and developing and overseeing delivery of a masterplan. During the year the Committee met 5 times and received reports on the NHM@Harwell, the collections storage programme and protecting the collections, the development of the masterplan and public space plan, the Urban Nature Project, and the energy centre.

A **Nominations Committee** is convened and meets as required to assist the Chair in making Trustee and senior appointments. There were no meetings during 2020-21. A special sub-committee of the Board was created and met to aid the Board in the appointment of the new Director.

In addition there are three advisory groups – the **Science Advisory Committee** to provide advice on the Museum's scientific activities; the **Commercial Advisory Committee** to provide advice on commercial, digital and public engagement activities; and the **Development Advisory Committee** to provide advice and support on fundraising activities.

The Board carries out an externally facilitated review of its performance and effectiveness every three years with an internal self-assessment carried out in intervening years. A review was carried out during 2019-20 which concluded that the Board operated effectively, with a plan developed for the implementation of recommendations.

Compliance with the Corporate Governance Code

The Museum is a non-departmental public body and a statutory charity. It is mindful of the Corporate Governance Code for central government departments and Trustees are content that the Museum complies where appropriate.

Scope of responsibility in respect of internal control

It is a responsibility of The Board of Trustees and the Accounting Officer to ensure that the Natural History Museum has a sound system of internal control that:

- supports the achievement of the aims and objectives of the Natural History Museum; and
- safeguards the assets and public funds for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Public Money and specifically in the Management Agreement between the Museum and DCMS.

In practice the Trustees normally delegate responsibility to the Accounting Officer for the day to day management of all operational activities, which support the system of internal control. During the year, the post of Accounting

Officer was held by Sir Michael Dixon, from 1 April 2020 to 30 September 2020, Neil Greenwood from 1 October 2020 to 30 November 2020, and Dr Douglas Gurr from 1 December 2020.

The Executive Board is responsible for the day to day operation of the Museum, under the leadership of the Director. It formulates and monitors the strategic plan, approves policies and procedures, and has collective responsibility for delivering programmes and projects across all Museum activities. The Executive Board is supported by a Management Board consisting of senior managers from across the Museum.

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate risks to the achievement of aims and objectives; it can therefore only provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on a process designed to identify the principal risks, to evaluate the nature and extent of the risks, and to manage them efficiently, effectively and economically. This process has been in place throughout the year ended 31 March 2021 and up to the date of signature of the accounts.

The risk management, risk profile, capacity to handle risk and the risk environment

The Museum has a risk management policy, comprehensive guidance on risk management and a robust risk assessment methodology which have been widely disseminated and implemented. The risk management policy sets out the Museum's attitude to risk, and responsibilities including those of the Trustees, the Director, the Head of Risk and Assurance, managers and staff, and the Executive Board which has overall responsibility for risk management during the year.

Specifically the Executive Board has responsibility for:

- developing and monitoring the implementation of the risk management strategy; and
- assessing, reviewing and monitoring the key inherently significant and emerging risks to the achievement of aims and objectives.

Additionally, the Executive Board has responsibility for overall strategy development and implementation, and for overall Museum management.

A risk profile highlighting the key risks is prepared annually by the Executive Board, taking account of a risk universe based on a comprehensive view of the activities undertaken by the Museum over both the short and long term. The risk universe is updated annually at the start of the financial year and as new or emerging risks are identified, and the risks from the risk universe which have the highest scores for levels of residual risk are treated as the major risks for the coming year. This is reviewed and endorsed by the Audit and Risk Committee and the Board of Trustees.

At the detailed level, responsibility for each key risk is allocated to managers as risk owners, and the risk owners are required to report quarterly to the Executive Board and selectively to the Audit and Risk Committee on the progress of action taken to manage these risks using a Board Assurance Framework which includes reporting on the risk mitigation processes in place and progress, and future plans to ameliorate risk. The Director also reports progress in managing the risks to the Audit and Risk Committee, and significant changes and developments in the risk profile including new risks are reported to both the Audit and Risk Committee and the Board of Trustees.

The executive directors and managers are responsible for assessing risk appetite, using a framework of key documents including the Financial Regulations, Collections Management Policies, the Procurement Policy, the Staff Handbook and Health and Safety guidelines. The risk appetite is generally regarded as low particularly where this relates to statutory and legal obligations. The risk appetite for a given risk may, however, differ from a low category, for example for commercial activities where we may accept a higher risk appetite, recognising that there is a risk of failure.

The most significant key strategic risks strategic facing the Museum are listed below.

Strategic risk area	Key mitigating actions
Financial position and Business model	
<p>IF we do not successfully make the case for government capital support THEN we will fail to deliver necessary projects to support our long-term objectives.</p>	<ul style="list-style-type: none"> ● Funding secured from the Public Bodies Infrastructure fund ● Covid support funding secured for 2021-22 ● Actively engage with and respond to the 2021 Spending Review requirements ● Balanced budget for 2021-22 (and beyond) based on self-generated income planning scenarios approved by Trustees ● Monthly review of financial position by Executive and quarterly review by Audit and Risk Committee and Trustees ● Continuous development and exploration of business opportunities via Commercial Advisory Committee ● Align and prioritise fundraising opportunities and activities in line with strategy to 2031 ● Develop online fundraising and supporter digital engagement ● Active donor research and pipeline management
<p>IF because of Covid-19 the new normal for our self-generated income streams is sufficiently different to previous circumstances THEN we will require a significant adjustment to our business model.</p>	
<p>IF NHM profile and activities are not sufficiently attractive and Development activities are unable to increase the prospect pipeline THEN fundraising income will not meet NHM investment ambitions.</p>	
Major Projects	
<p>IF we do not: (a) deliver NHM@Harwell to time, quality and budget; and (b) give staff appropriate time, opportunities for involvement, and incentives to enable them to support the development of an additional site THEN we will suffer from: (a) reputational risk with key stakeholders and financial risk; (b) resistance to the Collections Programme.</p>	<ul style="list-style-type: none"> ● Establish programme governance structure, processes, reporting, accountability and decision-making including oversight by the Museum's Infrastructure Committee ● Conclude planning for "what moves" to Harwell and Harwell lease ● Commence concept design stage ● Gateway zero review (July) by the Infrastructure and Projects Authority (IPA) ● Seek resolution with DCMS and HM Treasury on end year flexibility arrangements, and effectively engage with the IPA ● Submit outline business case to DCMS ● Ensure clear communication and engagement channels are established with all staff ● Managing change workstream included within the programme
<p>IF we do not deliver the Urban Nature Project to time, quality & budget THEN we will suffer from: reputational risk with key stakeholders and financial risk.</p>	
	<ul style="list-style-type: none"> ● Clear governance structure including oversight by Infrastructure Committee ● Complete RIBA stage 4 and prepare for tendering ● Regular review of budget, spend and fundraising profiles to inform decision making and timelines ● Outline Business Case approval secured from DCMS. Prepare for submission of Final Business Case ● Voted loan funding for Garden café secured from DCMS

Strategic risk area	Key mitigating actions
Visitor Numbers	
<p>IF visitor numbers do not reach business plan targets THEN our Strategy to create advocates for the planet and our financial sustainability will be at risk.</p>	<ul style="list-style-type: none"> ● Maximise marketing and communications, focusing on the UK audience ● Strong temporary exhibition offer as catalyst for visitor return ● Continue investment in digital reach and engagement ● Continuous review of visitor capacity in line with social distancing Covid-19 guidance
<p>IF there is inability to invest in the permanent public offer and present coherent content messages THEN this will lead to a reduced visitor experience, lower visitor numbers, lost income and reputational damage.</p>	<ul style="list-style-type: none"> ● Maintain annual budget for gallery enhancement programme ● Develop public space plan ● Deliver gallery concept and feasibility studies, and assess funding viability ● Deliver the western Waterhouse roof project to allow future gallery investment
Collections	
<p>IF we fail to provide appropriate storage and storage environment (onsite & offsite) THEN we undermine long term preservation, conservation & accessibility and use of the NHM collections.</p>	<ul style="list-style-type: none"> ● Palaeontology Building cladding and concrete repairs completed ● Tring Ornithology Building roofing and cladding completed ● Continue with Fire protection programme ● Maintain annual budget for small scale interventions
<p>IF we failure to deliver large scale databasing & digitisation of collection THEN this will undermine curation, research competitiveness and importance of the collection and NHM@Harwell outcomes.</p>	<ul style="list-style-type: none"> ● Maintain and increase funding for digitisation programme, capability and capacity building ● Expand on national and international collaborative networks
Estate	
<p>If we have constrained resource resulting in prioritising life safety systems and compliance THEN this will be to the detriment of routine, proactive and reactive maintenance on plant, equipment and building fabric presenting an ongoing threat to all activities, risks of damage to collections and breach of statutory responsibilities and health and safety requirements.</p>	<ul style="list-style-type: none"> ● Funding secured from Public Bodies Infrastructure Fund for western Waterhouse Roofs and fire precautions programme ● Maintain budget provision for core infrastructure programme and planned preventative and reactive maintenance ● Outline Business Case approval secured from DCMS for Energy Centre. Prepare for submission of Final Business Case ● Crisis Management and Business Continuity Plan in place

Significant internal control activity during the year

A museum wide group, MAP (museum activation programme), based on the crisis management structure was established in April 2020 to lead on the operational response to Covid-19. It met regularly during the year to plan and manage the closures and re-openings of the Museum to the public and to oversee and co-ordinate all on site operations.

A number of other specific actions have occurred during the year which have strengthened the internal control framework and helped in the managing of the major and inherent risks:

- Continuing investment in Museum wide security and fire safety infrastructure and further embedding of physical security systems and processes.
- Continuing investment in IT systems resilience.
- A revised Health and Safety policy clarifying roles and responsibilities and demonstrating the commitment to health and safety was approved by the Trustees.
- ISO 45001 was achieved for the occupational health and safety management system, completing the migration from OHSAS 18001.
- ISO 14001 was re awarded for the environmental management system.
- There was regular reporting to and liaison with DCMS on the Museum's preparations for the impact of Brexit.
- Significant work continued on the implementation of the General Data Protection Regulation (GDPR), overseen by the Information Management Group.
- The email management policy was revised.
- Completion of the Counter Fraud Functional Standard GovS 013 annual assessment, and devising and implementing a Counter Fraud, Bribery and Corruption and Action Plan.
- Reviewing and updating the high level and detailed fraud, bribery and corruption risk assessments.
- Online training for staff on health and safety, and information management, including cyber security, fraud and bribery awareness, and counter terrorism is mandated on a continuous basis.
- The membership of the Crisis Management Team and governance was reviewed and revised.
- A review of preparedness for Business Continuity was carried out and an action plan is in progress.

Significant internal control matters arising during the year

There were no significant control matters which occurred during the year.

Risks to data and information

Risks to data and information held by the Museum are managed by individuals responsible as information asset owners. There is a Senior Information Risk Owner (SIRO) responsible for the information risk policy and risk assessment, and for ensuring that the Museum complies with the Cabinet Office protocols it has assessed as being appropriate for the management of information risk.

A GDPR readiness audit was undertaken by an external reviewer during the year and an action plan developed. This is being taken forward by the Data Protection Officer.

There was one sensitive personal data incident during the year which required reporting to the Information Commissioner. The ICO considered that the Museum had taken the appropriate technical and organisational security measures to prevent the breach and mitigate its impacts as far as possible, and therefore did not seek to investigate further or apply enforcement action.

Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control and this review for 2020-21 has been informed by the work of the Museum's Risk and Assurance Unit including the review of the controls in place for effective management of information risk and:

1. the programme of audits carried out by the Health and Safety Unit and the Health and Safety Manager's annual report to Trustees and the Audit and Risk Committee;
2. the Annual Security Report to Trustees and the Audit and Risk Committee including information risk management and assurance; by the Head of Security and the Chief Information Officer; and
3. comments made by the external auditors in their management letter.

The Risk and Assurance Unit is responsible for examining and reporting on the adequacy and effectiveness of the risk management, control and governance processes. It takes a risk based approach to audits and focuses on the major corporate risks to the achievement of the Museum's strategic objectives.

The Risk and Assurance Unit works to Public Sector Internal Audit Standards and an audit and risk strategy the purpose of which is to put in place an approach that will enable the Head of Risk and Assurance to manage the work of the unit in a way which will deliver: (a) an overall opinion each year to the Museum Director (Accounting Officer) on the whole of the Museum's risk management, control and governance processes in order to inform and support the preparation of the annual Governance Statement; (b) risk based audit plans that afford suitable priority to the Museums objectives and risks; and (c) audit recommendations to improve risk management, control and governance.

At the June 2020 meeting the Committee were of the opinion that the ability of the Risk and Assurance Unit to provide a fully effective audit service in 2020-21 had been reduced due to: (a) the closure of Museum sites as a result of Covid-19; (b) the difficulty in conducting audits due to the furloughing of staff and staff working on other priorities; and (c) the decision to furlough the second member of the team in April 2020. The Committee recommended, therefore, that in these exceptional circumstances: (a) the 2020-21 plan was deferred until 2021-22; and (b) priority was given to monitoring key processes and significant emerging risks rather than a fixed programme of work.

The audit and risk strategy and annual audit plan are approved by the Audit and Risk Committee. The risk universe is used to inform the plan which is set within a five-year timescale.

The annual report on audit activity, which includes the Head of Risk and Assurance's opinion on the adequacy and effectiveness of the risk management, control and governance processes is considered by the Audit and Risk Committee. The Committee reviewed and agreed with the report for 2020-21 which concluded that the overall level of assurance was substantial, and this was also reviewed and endorsed by the Board of Trustees. The Committee also reviewed and confirmed that it was satisfied with the quality, professionalism and thoroughness of the internal audit work during the year.

The Board has gained assurance on the quality of the information it receives through a mix of internal audit work and its own challenge of information presented.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

6 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 Natural History Museum 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 Museum Balance Sheets, the Consolidated Cashflow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards 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 Report on the Remuneration of Senior Management that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Natural History Museum's affairs as at 31 March 2021 and of its 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 of 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 Natural History Museum 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 Natural History Museum'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 Natural History Museum'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 and Accounting Officer 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 including the Trustees Report and Governance Statement but does not include the financial statements and my auditor's certificate thereon. The Trustees and the 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 Report on the Remuneration of Senior Staff to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992.
- the information given in the Annual Report including the Trustees' Report and Governance Statement 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 Natural History Museum and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report including the Trustees' Report and Governance Statement.

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 Report on Remuneration of Senior Staff 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 Directors

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 the Director determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error.
- assessing the group and the Natural History Museum'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 the Director anticipate that the services provided by the Natural History Museum will not continue to be provided in the future.

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, including fraud.

My procedures included the following:

- Inquiring of management, the internal auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the Natural History Museum'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;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Natural History Museum's controls relating to Museum and Galleries Act 1992, Managing Public Money, the Coronavirus Act 2020 and the Charities Act 2011.
- discussing among the engagement team including key personnel from the auditors of The Natural History Museum Trading Company Ltd. and involving relevant internal and or 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 Natural History Museum and the group's framework of authority as well as other legal and regulatory frameworks that the Natural History Museum 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 Natural History Museum and group. The key laws and regulations I considered in this context included the Museum and Galleries Act 1992, Managing Public Money, Employment Law, Tax 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 and 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 the treatment of research grants;
- 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. 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
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

12 July 2021

Consolidated Statement of Financial Activities for the year ended 31 March 2021

	Notes	Unrestricted Funds		Restricted Funds		Permanent Endowment Funds	Total Funds 2021	Unrestricted Funds		Restricted Funds		Permanent Endowment Funds	Total Funds 2020
		Designated	General	Designated	General	£000	£000	Designated	General	Designated	General	£000	£000
		£000	£000	£000	£000			£000	£000	£000	£000		£000
Income and endowments from Donations and legacies													
Grant-in-Aid	3	-	60,254	-	-	-	60,254	-	46,672	-	-	-	46,672
Coronavirus job retention scheme	5	-	-	3,103	-	-	3,103	-	-	-	-	-	-
National lottery		-	-	164	-	-	164	-	-	47	-	-	47
Donations		-	867	-	1,714	-	2,581	-	2,523	4,183	-	-	6,706
Donations in kind		-	-	37	-	-	37	-	-	215	-	-	215
Charitable activities													
Admissions and memberships		-	1,010	-	-	-	1,010	-	3,850	-	-	-	3,850
Scientific and other grants		-	-	7,250	-	-	7,250	-	-	9,524	-	-	9,524
Other trading activities													
Trading activities	4	-	4,954	-	-	-	4,954	-	20,590	-	-	-	20,590
Sponsorship	4	-	601	-	-	-	601	-	800	-	-	-	800
Shared services		1,551	8	-	-	-	1,559	1,921	100	-	-	-	2,021
Other income	5	-	227	465	-	-	692	-	808	299	-	-	1,107
Investments	5	168	7	7	-	-	182	146	88	7	-	-	241
Total income		1,719	67,928	12,740	-	-	82,387	2,067	75,431	14,275	-	-	91,773
Expenditure on Raising funds													
Costs of generating voluntary income	7	554	1,998	237	-	-	2,789	628	2,559	133	-	-	3,320
Trading activities	7	1,634	5,873	-	-	-	7,507	2,076	11,177	-	-	-	13,253
Charitable activities													
Public Engagement	7	5,873	23,057	2,817	-	-	31,747	5,533	29,729	2,255	-	-	37,517
Scientific curation and research	7	6,652	22,751	10,798	-	-	40,201	6,802	23,830	11,552	-	-	42,184
Other													
Loss on disposal of fixed assets	7	50	(34)	-	-	-	16	-	-	-	-	-	-
Total expenditure		14,763	53,645	13,852	-	-	82,260	15,039	67,295	13,940	-	-	96,274

	Notes	Unrestricted Funds			Restricted Funds			Permanent Endowment Funds			Total Funds 2021 £000	Unrestricted Funds			Restricted Funds			Permanent Endowment Funds			Total Funds 2020 £000
		Designated £000	General £000	Permanent Endowment Funds £000	General £000	Funds £000	Permanent Endowment Funds £000	Designated £000	General £000	Permanent Endowment Funds £000		Designated £000	General £000	Permanent Endowment Funds £000	Designated £000	General £000	Permanent Endowment Funds £000	Designated £000	General £000	Permanent Endowment Funds £000	
Net (expenditure)/income before gains and losses on investments		(13,044)	14,283	–	(1,112)	–	–	8,136	(12,972)	335	–	(4,501)									
Net (losses)/gains on investments	11	147	–	156	710	1,013	(23)	–	(147)	(112)	(282)										
Net (expenditure)/income after gains and losses on investments		(12,897)	14,283	(956)	710	1,140	(12,995)	8,136	188	(112)	(4,783)										
Transfers																					
Gross transfers between funds	20	16,599	(16,835)	236	–	–	8,956	(8,890)	(66)	–	–										
Net (expenditure)/income before other recognised gains and losses		3,702	(2,552)	(720)	710	1,140	(4,039)	(754)	122	(112)	(4,783)										
Other recognised gains/(losses)																					
Gains on indexation and revaluation of fixed assets for charity's own use	8	(6,134)	–	(2,754)	–	(8,888)	18,068	–	4,975	–	23,043										
Gain/(loss) on foreign exchange		–	(243)	–	–	(243)	–	333	–	–	333										
Net movement in funds		(2,432)	(2,795)	(3,474)	710	(7,991)	14,029	(421)	5,097	(112)	18,593										
Reconciliation of funds																					
Total funds brought forward		548,895	6,795	100,161	3,436	659,287	534,866	7,216	95,064	3,548	640,694										
Total funds carried forward	20	546,463	4,000	96,687	4,146	651,296	548,895	6,795	100,161	3,436	659,287										

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period.

All recognised gains and losses are included in these accounts and the Museum has no recognised gains or losses other than the above.

The notes on pages 45 to 70 form part of these accounts.

Consolidated and Museum Balance Sheets as at 31 March 2021

	Note	Group 2021 £000	Group 2020 £000	Museum 2021 £000	Museum 2020 £000
Fixed assets					
Tangible assets	8	620,469	634,210	619,621	633,637
Intangible assets	9	728	719	713	689
Heritage assets	10	7,889	7,840	7,889	7,840
Investments	11	5,935	4,923	300	300
Total fixed assets		635,021	647,692	628,523	642,466
Current assets					
Stock	13	1,102	1,068	307	323
Debtors	14	6,799	7,964	11,444	7,078
Cash at bank and in hand	15	26,767	19,420	20,493	17,484
Total current assets		34,668	28,452	32,244	24,885
Liabilities					
Creditors: amounts falling due within one year	17	(17,990)	(15,958)	(14,409)	(12,386)
Net current assets		16,678	12,494	17,835	12,499
Total assets less current liabilities		651,699	660,186	646,358	654,965
Creditors: amounts falling due after more than one year	18	–	(546)	–	(546)
Provision for liabilities and charges	23	(403)	(353)	(403)	(353)
Net assets		651,296	659,287	645,955	654,066
The funds of the charity					
Permanent endowment funds	20	4,146	3,436	–	–
Restricted funds					
Restricted income funds		58,588	59,308	57,642	58,527
Restricted revaluation reserve		38,099	40,853	38,099	40,853
Total restricted funds	20	96,687	100,161	95,741	99,380
Unrestricted funds					
Designated funds	20	213,168	209,466	211,393	208,161
Designated revaluation reserve		333,295	339,429	333,295	339,429
General funds	20	4,000	6,795	5,526	7,096
Total unrestricted funds		550,463	555,690	550,214	554,686
Total charity funds	20	651,296	659,287	645,955	654,066

The notes on pages 45 to 70 form part of these accounts.

The Lord Green of Hurstpierpoint
Chair of the Board of Trustees

Dr. Douglas Gurr
Director and Accounting Officer

6 July 2021

Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ending 31 March 2021

		Group	Group	Museum	Museum
		2021	2020	2021	2020
	Note	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash provided by operating activities	22	17,937	6,605	13,431	5,738
Cash flows from investing activities:					
Interest income received	5	7	88	7	88
Investment income received	5	175	153	–	–
Purchase of tangible fixed assets	8	(9,746)	(8,644)	(9,403)	(8,283)
Purchase of intangible fixed assets	9	(214)	(284)	(214)	(284)
Purchase of heritage assets	10	(21)	(40)	(21)	(40)
Purchase of investments	11	–	(920)	–	–
Net cash used in investing activities		(9,799)	(9,647)	(9,631)	(8,519)
Cash flows from financing activities:					
Loan received from DCMS	18	–	–	–	–
Loan repayment to DCMS	18	(548)	(551)	(548)	(551)
Net cash used in financing activities		(548)	(551)	(548)	(551)
Net increase/(decrease) in cash and cash equivalents	15	7,590	(3,593)	3,252	(3,332)
Cash and cash equivalents at the beginning of the year		19,420	22,680	17,484	20,483
Change in cash and cash equivalents due to exchange rate movements		(243)	333	(243)	333
Cash and cash equivalents at the end of the year		26,767	19,420	20,493	17,484

The notes on pages 45 to 70 form part of these accounts.

Notes to the Financial Statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for the inclusion of certain fixed assets at their value to the business by reference to current costs and of investments at market value. The accounts comply with the requirements of the Government Financial Reporting Manual, the Financial Reporting Standard Applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015), and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Digital, Culture, Media and Sport (DCMS), with the approval of H.M.Treasury in accordance with the Museums and Galleries Act 1992.

Consolidated accounts have been prepared for the Museum which include the results of the Natural History Museum charity, its wholly-owned subsidiary company The Natural History Museum Trading Company Ltd (company number 02909192), and the results of the trust funds administered by the Natural History Museum known as the Benevolent Fund and the Special Funds. They do not include accounts for the International Friends of the Natural History Museum London which is a fund raising organisation based in the USA, nor do they include The Natural History Museum Development Trust which is based in the UK, both of which are run by separate and independent trustee bodies which the Museum does not control.

The address of its registered office is the Natural History Museum, Cromwell Road, London, SW7 5BD.

The financial statements are prepared in sterling, which is the functional currency of the Museum. Monetary amounts in these financial statements are rounded to the nearest thousand.

The Natural History Museum is a public benefit entity.

Going concern status

The accounts have been prepared on the going concern basis. Under Section 3 of the British Museum Act 1963, the Museum has a statutory responsibility for keeping its collections and making them available for inspection by the public, and the Trustees and Accounting Officer have assumed in making the going concern assessment that sufficient Government funding support will continue to be made available to fulfil this responsibility.

Incoming resources

All income is accounted for on a receivable basis and is net of Value Added Tax.

Grant-in-Aid from DCMS is shown in its entirety in the Statement of Financial Activities. Grant-in-Aid for specific projects or activities is credited to Restricted Funds and all other Grant-in-Aid income is credited to General Funds. However, within the Statement of Funds (Note 20), Grant-in-Aid income allocated to capital expenditure other than specific projects is transferred from General Funds to Unrestricted Designated Funds and Grant-in-Aid income allocated to acquisitions for the collection is transferred from General Funds to Restricted Funds.

Grants and other income that are awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly. The substance of other contractual conditions attached to scientific grants and the nature of the arrangement with the funder are considered when determining the periods in which income is recognised.

The museum has made use of the Coronavirus Job Retention Scheme, with approval from DCMS. This was used to contribute to the cost of furloughing staff where work could not be found for them in the year and is showed gross in the accounts. Staff costs are shown in full within expenditure and are not net of this income. Income is accounted for when staff have been furloughed.

Donations, shared services and sponsorship income is recognised as income when the conditions for its receipt have been met. Membership income is recognised in the period it is received.

The Museum recognises the income of a charged exhibition in the year(s) in which the exhibition takes place. Income received for an exhibition taking place in a future period is treated as deferred income in the Balance Sheet. Expenditure for the related exhibition is charged in the period in which the goods and services have been received.

Membership income is recognised in the period it is received.

Donations in kind, including donated collections, are recognised when received and valued at their value to the Museum. The contribution of volunteers is excluded from the Statement of Financial Activities as the value of their contribution cannot be reasonably quantified in financial terms.

Income from trading activities predominantly relates to income generated within the Natural History Museum Trading Company Ltd and paid to the Museum under Deed of Covenant annually (see note 12). The accounts of the Company set out the income recognition policies applied.

Expenditure

All expenditure is accounted for on an accruals basis.

Expenditure has been classified according to the main activities of the Museum and aggregates all costs related to each activity. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources. Support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Costs of generating voluntary income include all costs associated with the development of the Museum's non-scientific income and in particular, support the generation of donations, income from trading activities, admissions, membership and sponsorship. Costs purely relating to generating philanthropic fundraising are separately identified in Note 7.

Support costs are those functions that assist the work of the Museum but do not directly undertake charitable activities. Support costs have been allocated between costs of generating voluntary income, public engagement, and scientific curation and research based on headcount.

Significant accounting estimates

In the application of the Museum's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Provisions

Provisions are made for early retirement and severance obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative requirements. In addition, the timing of the cash flows and the discount rates used to establish the new present value of the obligations require management's judgement.

Valuation of property, plant and equipment

Property, plant and equipment represents a significant proportion of the Museums balance sheet and therefore the estimates and assumptions made to determine their carrying value and related depreciation are important to the Museums reported financial position and total expenditure.

Valuation of heritage assets

Heritage assets are valued in accordance with FRS102 (Heritage Assets). The museum accepts donations of heritage assets which require management to make a judgement on the valuation placed on the specimens donated. Further information on heritage assets can be found on the following page and in Note 10.

Fund accounting

The Museum's accounts are a consolidation of a number of individual funds which divide into distinct categories which are defined as follows:

Unrestricted funds general

The General Funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum.

Unrestricted funds designated

These funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. They consist mainly of the following:

Special Funds – a collection of funds which have arisen from various legacies and donations, largely held as investments, the income from which is used for scientific purposes.

Capital Projects – expenditure funded from non restricted sources which has been capitalised.

Future Scientific Research – a fund set aside from income derived from the Museum's scientific activities to be used to fund research.

Future Projects – monies set aside to fund agreed projects during the next financial year, not funded out of income expected to be generated in that year.

Restricted funds

These funds are subject to specific restriction imposed by the donor, by the purpose of an appeal or are received for a specific purpose. They consist mainly of the following:

Scientific Grants – grant awards for specific scientific projects.

Sponsored Assets – buildings and collections which have been funded at least in part by sponsorship or donations.

Equipment Reserve – a fund established for replacement of shared services equipment – see note 1 (provision for shared services) and note 23.

Permanent endowment funds

These comprise funds donated on condition that the original funds be held permanently by the Museum, although the constituent assets may change.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation.

Depreciation is provided on all tangible fixed assets, other than freehold land and collection items, at rates calculated to write off the cost or valuation, less estimated residual value, on a straight line basis for each asset over its expected useful life as follows:

Freehold buildings	– between 8 and 100 years depending on the building.
Plant and machinery	– between 5 and 35 years depending upon the nature of the asset.
Permanent exhibitions	– between 5 and 20 years depending on the exhibition.
Equipment	– between 3 and 20 years depending on the nature of the asset
Furniture and fittings	– between 4 and 20 years depending on the nature of the asset
Vehicles	– between 5 and 10 years depending on the nature of the asset

Tangible fixed assets are reviewed annually for evidence of impairments of value and, where there is evidence that recoverable value has fallen below carrying value, a calculation of the recoverable value is made. Any excess of the carrying value over the recoverable value is written off, either within depreciation in the Statement of Financial Activities, or to the revaluation reserve to the extent that it relates to a previously revalued asset.

Including assets at their value to the business by reference to current costs is achieved as follows:

Land and buildings- by external professional valuation at least every five years and using professionally supplied indices in the intervening periods.

Exhibitions are not revalued but are stated at historic depreciated cost.

Equipment/furniture and fittings are not revalued but are stated at depreciated value.

Tangible fixed assets with an original cost of under £5,000 are written off in the year of acquisition.

Capital expenditure on permanent exhibitions includes only the cost of materials and externally contracted services. No allocations are made of related internal labour costs.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual values of their estimated useful lives, as follows:

Image rights	– 5 years
Software and website	– between 3 and 10 years depending on the nature of the asset

Intangible assets with an original cost of under £5,000 are written off in the year of acquisition.

Heritage assets

The Museum's collections which are assets of historical and scientific importance held to advance the Museum's scientific and educational objectives and, through public access, contribute to the nation's culture and education, are recognised as heritage assets in accordance with FRS102 (Heritage Assets) which requires such assets to be reported in the Balance Sheet where information is available on cost or value. Prior to the financial year 2001-02 these assets were not capitalised. Reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, and deemed to outweigh the benefits to the users. Accordingly these assets are not capitalised in the Balance Sheet. However since 1 April 2001 collections acquisitions in excess of the capitalisation threshold of £5,000 have been capitalised at acquisition value, and treated as non depreciable heritage assets in the Balance Sheet. A description of the collections, their management and developments in the year are given in note 10..

Investments

Investments are stated at market value. Valuations are kept up to date such that when investments are sold there is no accounting gain or loss arising. As a result the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year.

Market value is taken to be the middle market price ruling at the balance sheet date.

Financial instruments

The Museum only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Stocks

Stocks are stated at the lower of cost price or net realisable value and consist of goods for resale and work in progress.

Leases

The Museum has no finance leases. Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. Forward liabilities are disclosed in note 19.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

Provisions

Provisions are measured at the best estimate of their settlement amount at the balance sheet date.

Taxation

The charitable activities of the Museum are exempt from corporation tax. Profits from trading activities within the trading subsidiary are subject to corporation tax to the extent that they are not paid to the Museum under Deed of Covenant. The Museum and its subsidiaries are registered for Value Added Tax and have agreed a scheme for recovery of certain proportions of VAT on expenditure.

Pension costs

The operating costs of providing retirement benefits are recognised in the accounting periods in which the benefits are earned by the employees, and the related costs and changes in value of the assets and liabilities are recognised in the accounting period in which they arise.

Prior to April 2017 staff of the Museum were employed under the same conditions of service as civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is unfunded, and within which the Natural History Museum is unable to identify its share of the underlying assets/liabilities. Although the scheme is a defined benefit scheme, liability for the payment of future benefits is a charge to the PCSPS. The Museum, and other bodies covered by the PCSPS, meet the cost of the pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The Museum is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Museum provides in full for this cost when the early retirement has been announced and is binding on the Museum.

From 1 April 2017 the majority of new entrants will join the Natural History Museum Pension Scheme which is a defined contribution scheme.

Shared services

During 2020-2021 the Museum supplied electricity and heating to the Victoria and Albert Museum. The Museum also supplied electricity to the Science Museum. The costs of these supplies are recharged on a not-for-profit basis. Each type of supply is accounted for separately and is ring-fenced within the accounts. The funds accumulated for the replacement of the facilities are shown as restricted funds titled Equipment Reserve.

Contributions to and releases from the Equipment Reserve are shown in the Statement of Financial Activities, Restricted Funds and note 23.

2 Summary of results for the Natural History Museum only

	2021	2020
	£000	£000
Income and endowments		
Grant-in-Aid	60,254	46,672
Coronavirus Job Retention Scheme (note 5)	2,576	–
National lottery	164	47
Donations	2,581	6,706
Donations in kind	37	215
Trading activities	606	1,288
Shared services	1,559	2,021
Other income	692	1,107
Investment income	7	88
Admissions and memberships	1,010	3,850
Scientific and other grants	7,250	9,524
Payment under Deed of Covenant from the Natural History Museum Trading Company	–	6,654
	76,736	78,172
Expenditure		
Costs of generating voluntary income	2,789	3,320
Fundraising trading: costs of goods sold and other costs	1,929	2,302
Public engagement	31,747	37,517
Scientific curation and research	40,096	42,057
Recharge to the Natural History Museum Trading Company	(860)	(2,497)
Loss on disposal of fixed assets	16	–
	75,717	82,699
Net (expenditure)/income before other recognised gains/(losses)	1,019	(4,527)
Gains/(losses) on foreign exchange	(243)	333
Gains on revaluation of fixed assets	(8,888)	23,043
Net movement in funds	(8,112)	18,849

3 Grant-in-Aid

	2021	2020
	£000	£000
DCMS		
Resource Grant-in-Aid	41,614	40,872
Capital Grant-in-Aid:	10,100	–
Baseline	2,300	2,300
Museums Infrastructure Fund	2,000	3,500
Science and Digitisation Centre	1,540	–
National Museums Maintenance Fund	2,700	–
	60,254	46,672
General Funds	60,254	46,672
	60,254	46,672

Grant-in-Aid income credited to General Funds is available for running costs, capital improvements and collection purchases.

For the purposes of consolidated budgeting and monitoring by DCMS during the year, reflecting HM Treasury guidance, a budget of £4.074m for the Museum's operational non-capital research spend is transferred to Capital Grant-in-Aid, thereby reflecting budgeting totals of £8,374k for Capital Grant-in-Aid and £37,540k for Resource Grant-in-Aid.

4 Trading activities income

	2021	2020
	£000	£000
Brand Management	551	276
Retail	1,469	8,711
Catering and Functions	–	6,874
Touring Exhibitions	484	1,792
Consultancy	1,483	1,496
Other	967	1,441
	4,954	20,590

This reconciles to the Trading Company income in note 12 as follows:

Trading subsidiary turnover	5,475	20,102
Commercial sponsorship	(601)	(800)
Add: Other trading activities income (Museum income)	80	1,288
	4,954	20,590

5 Investments and other income

	2021	2020
	£000	£000
Income from UK equities	175	153
Bank interest	7	88
	182	241
Other income		
Rentals	126	144
Other	566	963
	692	1,107

Investment income is shown inclusive of tax credits reclaimed in the year.

Coronavirus Job Retention Scheme

The Natural History Museum claimed £3,103k in 2020-21 from HMRC towards the cost of furloughing staff, with approval from DCMS. Activity reduced significantly across the museum and we were unable to find work for all employees throughout the year. We topped up wages to the employees usual amount out of our reserves. Our use of furlough varied throughout the year through opening and closing of the museum, reflecting Government social distancing guidance.

Of the £3,103k, £2,576k related to the Museum, and £527k related to the Trading subsidiary. In total 471 members of staff were furloughed at some point during the year, 402 of which were in the Museum, and 69 in the Trading subsidiary.

6 Net (expenditure)/income before transfers

	2021	2020
	£000	£000
is stated after crediting:		
Scientific grants from the European Union	894	1,356
and after charging:		
Expenditure in respect of scientific grants from the European Union	894	1,356
Auditors' remuneration – Museum auditors		
Museum audit	59	60
Auditors' remuneration – subsidiaries auditors		
Trading Company audit	23	23
Special Funds and Benevolent Fund audit	2	2
Other services	2	2
Hire of plant and machinery	706	651
Travel, subsistence and hospitality	37	920
Depreciation	14,550	14,045
Amortisation	205	277
Stock recognised as an expense	1,019	4,214

7 Total resources expended

	Activities			Activities		
	undertaken	Support	Total	undertaken	Support	Total
	directly	costs	2021	directly	costs	2020
	£000	£000	£000	£000	£000	£000
Costs of generating voluntary income	1,577	1,212	2,789	1,770	1,550	3,320
Trading activities	7,507	–	7,507	13,253	–	13,253
Public Engagement	18,916	12,831	31,747	23,870	13,647	37,517
Scientific curation and research	26,763	13,438	40,201	27,704	14,480	42,184
Loss on disposal of fixed assets	16	–	16	–	–	–
	54,779	27,481	82,260	66,597	29,677	96,274

During the year, grants of £1,989,000 (2020: £2,976,000) were awarded to institutions within scientific curation and research.

Support costs by activity

2020-2021	Generating	Public		Total
	voluntary	Engagement	Scientific	
	income			Total
	£000	£000	£000	£000
Management	54	569	596	1,219
Human resources	69	730	765	1,564
Estates	280	2,970	3,110	6,360
Finance	58	612	641	1,311
Information technology	183	1,934	2,025	4,142
Governance	9	99	104	212
Depreciation	559	5,917	6,197	12,673
	1,212	12,831	13,438	27,481

2019-2020	Generating	Public	Scientific	Total
	voluntary	Engagement		
	income			
	£000	£000	£000	£000
Management	74	652	691	1,417
Human resources	91	800	848	1,739
Estates	486	4,282	4,544	9,312
Finance	77	679	720	1,476
Information technology	207	1,819	1,931	3,957
Governance	8	73	77	158
Depreciation	607	5,342	5,669	11,618
	1,550	13,647	14,480	29,677

All support costs are allocated according to the number of permanent staff directly employed in each activity as an appropriate measure of the use of these resources by activity.

Staff costs

	Permanent	Other	2021	2020
	contracts	contracts	Total	Total
	£000	£000	£000	£000
Salaries and wages	27,517	6,268	33,785	32,059
Superannuation	5,589	765	6,354	6,403
National Insurance	2,764	588	3,352	3,266
Cost of agency staff	7	335	342	1,460
	35,877	7,956	43,833	43,188

Included in the above staff costs are redundancy costs of £1,065,884 (2020: £109,290).

The Museum accounts for exit costs in the year of the individual's departure being agreed. Where employees have been given retirement benefits under the early retirement and severance scheme operated by the Museum, the full provision is made in the year of retirement and released annually to cover payments made to the employee (note 23).

The majority of present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. During 2020-21, the rates were in the range 26.6% and 30.3%. 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. Payments of £5,267,000 (2020: £5,200,000) were made during the year. The Natural History Museum is only liable for the contribution it has made directly.

From 1 April 2017, new entrants are enrolled into the Natural History Museum Pension Scheme, a defined contribution scheme with an employer contribution. Payments of £1,076,000 (2020: £760,000) were made during the year. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%.

Pension costs are allocated to activities on the same basis as those staff costs to which they relate. At 31 March 2021 a balance of £144,000 (2020: £128,000) was due to be paid in relation to the Natural History Museum Pension Scheme.

The Chair and Board of Trustees received no remuneration for their services during the year (2020: nil). Travel and subsistence expenses of £nil (2020: £2,258) were reimbursed to 0 (2020: 4) Trustees. Trustees donated

£146,109 to the Museum during the year (2020: £31,500), of which £127,100 was restricted to the Urban Nature Project (2020: £nil).

The following number of senior employees, including the senior management, received remuneration falling within the ranges below:

	2021	2020
£190,001 – £200,000	–	1
£180,001 – £190,000	–	–
£170,001 – £180,000	–	–
£160,001 – £170,000	–	–
£150,001 – £160,000	–	1
£140,001 – £150,000	1	–
£130,001 – £140,000	1	–
£120,001 – £130,000	3	3
£110,001 – £120,000	–	1
£100,001 – £110,000	5	2
£90,001 – £100,000	5	2
£80,001 – £90,000	4	6
£70,001 – £80,000	12	12
£60,001 – £70,000	17	20

The total pension contributions payable for the senior employees included above were £923,636 (2020: £1,060,850).

No employees received any benefit in kind except as disclosed in the Report on the Remuneration of Senior Management.

The key management personnel comprise the Museum Director, the Executive Director of Finance and Corporate Services, the Executive Director of Science, the Executive Director of Engagement and the Executive Director of Development. The total employee benefits of the key management personnel of the Museum were £919,487 (2020: £1,061,358).

The remuneration of key management personnel of the Museum, including details of bonuses and pensions, are disclosed in the Report on the Remuneration of Senior Management.

The average number of employees during the year was 889 (2020: 887) organised into the following categories:

	Permanent contracts	Other contracts	2021 Total	2020 Total
Costs of generating voluntary income	22	2	24	27
Trading activities	73	8	81	89
Public Engagement	233	66	299	304
Scientific curation and research	245	103	348	347
Support	118	19	137	120
	691	198	889	887

8 Tangible fixed assets

Group	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Vehicles £000	Total £000
Value								
Balance at 1 April 2020	526,998	97,577	7,399	36,393	13,119	21,973	4	703,463
Additions	1,080	1,478	6,029	–	271	888	–	9,746
Disposals	–	–	–	(2,026)	(66)	(654)	–	(2,746)
Revaluation	(5,239)	(4,756)	–	–	–	–	–	(9,995)
Transfers in/(out)	2,542	1,323	(5,090)	–	–	1,225	–	–
Balance at 31 March 2021	525,381	95,622	8,338	34,367	13,324	23,432	4	700,468
Depreciation								
Balance at 1 April 2020	5,849	5,956	–	31,207	9,086	17,151	4	69,253
Charge for year	5,966	6,036	–	804	573	1,171	–	14,550
Disposals	–	–	–	(2,026)	(36)	(634)	–	(2,696)
Revaluation	(550)	(558)	–	–	–	–	–	(1,108)
Transfers in/(out)	–	–	–	–	–	–	–	–
Balance at 31 March 2021	11,265	11,434	–	29,985	9,623	17,688	4	79,999
Net Book Value 31 March 2021	514,116	84,188	8,338	4,382	3,701	5,744	–	620,469
Net Book Value 31 March 2020	521,149	91,621	7,399	5,186	4,033	4,822	–	634,210

Land and Buildings includes the Natural History Museum at Tring, residential properties at Tring, premises at Wandsworth, London, and the main Museum site at South Kensington. The freehold interest in the South Kensington site was transferred to the Trustees by the Secretary of State for the Environment, Transport and the Regions in August 2001. In accordance with Treasury Guidance all land and building assets are revalued at least quinquennially on a depreciated replacement cost basis and indexed using indices from professional sources in the intervening years. The most recent full valuation was performed by Gerald Eve LLP, Chartered Surveyors, as at 31 March 2019, in accordance with the RICS Valuation- Professional Standards, January 2017 edition and Financial Reporting Standard (FRS) 102. An intervening revaluation was carried out at 31 March 2021 based on price indices prepared by Gerald Eve LLP.

The valuation of the non-specialised properties was undertaken on an Existing Use Value (EUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis.

The professional valuations at 31 March 2019 were as follows:

Property	Value 31 March 2019 £000	Basis of Valuation
The Natural History Museum, South Kensington	567,752	Land at market rate for restricted use, buildings at depreciated replacement cost
Natural History Museum at Tring	13,871	Land at market rate for restricted use, buildings at depreciated replacement cost
Residential properties, Tring	3,102	Existing use basis
Premises in Wandsworth, London	14,574	Existing use basis and depreciated replacement cost. Freehold purchase 1991.

At 31 March 2019 the valuers were of the opinion that the valuation of the premises in Wandsworth, London at market value for general storage and distribution would be significantly lower than the valuation at existing use value, reflecting specialist adaptations for the storage of Museum collections at the property. The specialist adaptations are not likely to have any value for a prospective purchaser. The valuers have stated their opinion that the market value of the main museum site at South Kensington would be significantly lower than the depreciated replacement cost value reported because of the restrictive covenants contained in the Museum's title. For all other properties, the valuers considered that the difference between market value and the stated value would not be significant.

No indexation has been applied to fixture and fittings, equipment assets and permanent exhibitions as management consider that there is no material difference between current cost and actual cost. The life of these assets is reviewed annually to reflect their true value.

2021 2020
£000 £000

The current cost depreciation shown above is charged in the Statement of Financial Activities as follows:

Depreciation included in Total Resources Expended	14,550	14,045
	14,550	14,045

2021 2020
£000 £000

Gains on indexation and revaluation of fixed assets shown above are recognised in the Statement of Financial Activities as follows:

Revaluation value	(9,995)	23,951
Prior year depreciation adjustment arising from revaluation	1,108	(908)
	(8,887)	23,043

Museum

	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Vehicles £000	Total £000
Value								
Balance at 1 April 2020	526,998	97,577	7,056	36,392	12,685	21,466	4	702,178
Additions	1,080	1,478	5,692	–	271	882	–	9,403
Disposals	–	–	–	(2,026)	(66)	(639)	–	(2,731)
Revaluation	(5,239)	(4,756)	–	–	–	–	–	(9,995)
Transfers in/(out)	2,542	1,323	(5,090)	–	–	1,225	–	–
Balance at 31 March 2021	525,381	95,622	7,658	34,366	12,890	22,934	4	698,855
Depreciation								
Balance at 1 April 2020	5,849	5,956	–	31,207	8,788	16,737	4	68,541
Charge for year	5,966	6,036	–	804	534	1,142	–	14,482
Disposals	–	–	–	(2,026)	(36)	(619)	–	(2,681)
Revaluation	(550)	(558)	–	–	–	–	–	(1,108)
Transfers in/(out)	–	–	–	–	–	–	–	–
Balance at 31 March 2021	11,265	11,434	–	29,985	9,286	17,260	4	79,234
Net Book Value 31 March 2021	514,116	84,188	7,658	4,381	3,604	5,674	–	619,621
Net Book Value 31 March 2020	521,149	91,621	7,056	5,185	3,897	4,729	–	633,637

9 Intangible assets

Group	Image rights £000	IT software £000	Assets under construction £000	Total £000
Value				
Balance at 1 April 2020	480	2,352	221	3,053
Additions	–	121	93	214
Disposals	–	–	–	–
Transfers in/(out)	–	214	(214)	–
Balance at 31 March 2021	480	2,687	100	3,267
Amortisation				
Balance at 1 April 2020	480	1,854	–	2,334
Charge for year	–	205	–	205
Disposals	–	–	–	–
Balance at 31 March 2021	480	2,059	–	2,539
Net Book Value 31 March 2021	–	628	100	728
Net Book Value 31 March 2020	–	498	221	719

Museum	IT software £000	Assets under construction £000	Total £000
Value			
Balance at 1 April 2020	2,080	221	2,301
Additions	121	93	214
Disposals	–	–	–
Transfers in/(out)	214	(214)	–
Balance at 31 March 2021	2,415	100	2,515
Amortisation			
Balance at 1 April 2020	1,612	–	1,612
Charge for year	190	–	190
Disposals	–	–	–
Balance at 31 March 2021	1,802	–	1,802
Net Book Value 31 March 2021	613	100	713
Net Book Value 31 March 2020	468	221	689

Depreciation and amortisation costs are allocated across SOFA headings as part of the central support cost allocation.

10 Collections assets

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Net book value at 1 April 2020	7,840	7,656	7,840	7,656
Additions in year	49	184	49	184
Net book value at 31 March 2021	7,889	7,840	7,889	7,840

Acquisitions Summary 2016-21

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000
Acquisitions > £5k	35	8	44	40	21
Donations > £5k	3,799	620	289	144	28

Heritage Assets and Valuation

The Museum's collections which are assets of historical and scientific importance are held to advance the Museum's scientific and educational objectives and, through public access, contribute to the nation's culture and education. They are recognised as heritage assets in accordance with FRS102 (Heritage Assets) which requires such assets to be reported in the Balance Sheet where information is available on cost or value. There is no ready commercial market for many scientific natural history specimens, and due to regulation to fight the illegal trade in endangered species some items can have no legitimate financial value. The Museum's approach to valuation is therefore based on the pragmatic adoption of theoretical valuation factors that do not and cannot reflect an items scientific significance.

The Museum's approach to valuation control can be found in the Access and Information Policy on the Museum's website.

Heritage assets acquired since 1 April 2001

Since 1 April 2001 collections acquisitions made by donation, exchange or purchase in excess of the capitalisation threshold of £5,000 have been capitalised at acquisition value, either at purchase price or estimated cost where exchanged or donated, and treated as non-depreciable heritage assets in the Balance Sheet. Items are not revalued once capitalised.

Heritage assets acquired before 1 April 2001

Prior to the financial year 2001-02 these assets were not capitalised. Reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, of no significant benefit and deemed to outweigh the benefits to the users. Accordingly, these assets are not capitalised in the Balance Sheet. For these reasons, the Museum has never assigned a financial value to its natural history specimens and collections.

The total number of collection items which have been capitalised amount to less than 1% of the Museum's total collection.

Impact of the COVID-19 Pandemic on collections activities

The Museum closed to staff and visitors on 17 March 2020. Consequently, there has been restricted access to collections for staff and no access for external visitors, this has impacted on the number of loans (both research and exhibition) and acquisitions during the last financial year.

Throughout this period the Museum has continued to ensure high levels of collections care in particular an emergency strategy was implemented which included:

Environmental monitoring continuing as usual with all spaces housing collections both in storage and on display being remotely monitored in real time. Temperature, relative humidity and other relevant physical parameters

within the collections storage and display areas across all sites were measured and monitored. Where appropriate light, UV, flood, power, oxygen, and freezer temperatures were also measured.

Integrated Pest Management: In the first few days of closure pest-proofing was carried out, building fabric issues were identified for attention and deep cleans were undertaken across the site. Regular checking of the physical state of the collections by nominated curation staff including checking of insect traps continued. Trappers recorded lower than normal numbers and this is no doubt due to the reduction in human activity.

Emergency salvage planning: A full review was carried out by the Chief Salvage Officer and salvage response plans were updated. Regular physical checks of collections spaces, by Security and collections teams, took place: these increased in areas known to have a risk of water ingress when there were poor weather conditions.

Nature and Scope of the collections

The Natural History Museum traces its origins back to 1753 and the formation of the British Museum based on the founding collection of Sir Hans Sloane. The intention was to create a universal collection of natural, cultural, and literary objects 'not only for the inspection and entertainment of the learned and curious but also for the general use and benefit of the public'. In 1881 the natural history collections were re-located from Bloomsbury to the current site in South Kensington into Alfred Waterhouse's 'Cathedral of Nature'. 140 years later our collections are stored within 10 buildings across three sites, including the Natural History Museum at Tring.

The Museum houses one of the most important collections of natural history objects in the world. The Earth and Life Science collections cover virtually all groups of animals, plants, rocks, meteorites, minerals, and fossils and has more type specimens than any other natural history collection. These collections are complemented by the collections of the Museum's Library and Archives which is the world's largest collection of natural history literature, original primary material, and art, ranging from 1469 to the present day. In total the Museum's collection is estimated to contain 76 million items or lots (groups of items) Given the nature of the material in the collection can vary from microbes and space dust to dinosaurs and whales and includes material such as parasites associated with their hosts, water and sediment samples there can never be a definitive answer of the number of items the Museum holds.

The collection is actively added to annually through new collecting, donation, exchange, and purchase. During the last financial year the collection grew by 56,559 items or lots from 85 donations comprising of approximately 17,993 items or lots (which will contain multiple items), 3 purchases comprising 37,573 items and 3,993 items or lots from staff fieldwork, undertaken as a result of research grants and collaborative fieldwork opportunities. The value of donations in kind, capitalised heritage assets and purchases for the collection are provided in the table above.

To document and manage these collections The Museum uses three digital collections documentation systems. EMu is the collections management system used to manage Earth and Life Science Collections. ALMA is the primary collections management system for Library and Calm is the primary system for Museum Archives and Records.

Collections Policies, Collections Care and Accreditation

Collections Policy

The Museum has a comprehensive series of policies covering all aspects of the collections and their management. They set the tone and framework for ensuring that the institution acts legally and ethically whilst aspiring to the highest professional standards. The Policies were approved by Trustees in February 2019 and are due to be reviewed in financial year 2023-2024. These are available on the Governance pages of the Museum's website.

Accreditation

The Museum is recognised by The National Archives as a place of deposit under the Public Record Act for the records it creates. The Museum is a Registered Archive under the National Archives Accreditation Scheme and was awarded Accredited Status on 26th March 2018. The Museum is also a Registered Museum under the Arts Council Museums Accreditation Scheme and last received confirmation of its re-approval under the Scheme in October 2015.

Collections care

The Museum aims to maintain its collections in the best environmental conditions possible to aid long term preservation. These are guided for collections in storage and display by the Museum's Collections Storage Infrastructure Project (CSIP) environmental standards (2018). These standards comply as far as possible with BS EN 16973:2018 Conservation of Cultural Heritage – Specification, location, construction and modification of buildings or rooms intended for the storage or use of heritage collections; BS EN 16790:2016 Conservation of cultural heritage – Integrated pest management (IPM) for protection of cultural heritage and BS 4971:2017 Conservation and Care of Archive Collections. The Museum's Protecting the Collections prioritise small, targeted interventions to increase the longevity and stability of the building fabric in areas containing collections. Focus this year has been on blinds and interventions relating to solar gain in Library and Archive collections at South Kensington and Tring and ongoing assessments to understand potential solutions for HVAC issues and sources of water ingress in several collections areas. However, most of the work was paused due to the pandemic.

Access to the Collections

Increasing access to the collections whether physically or virtually is one of the highest priorities for the Museum. Over 27,000 specimens are on public display in our galleries. There are currently 4,774,401 specimen records from our Earth and Life Science collections publicly available on data.nhm.ac.uk along with a further 6,025,599 million records from other research datasets. This includes 3D scans, images, and audio recordings as well as other structured data in tables. The latest news about our digital collections programme can be found at www.nhm.ac.uk/digitalcollections or @NHM_Digitise on twitter. Over 5 million pages of content are available via the Library's discovery layer and in the Biodiversity Heritage Library www.biodiversitylibrary.org.

As well as a public visitor attraction the Museum is home to a large, diverse scientific research centre that houses one of the largest and most diverse scientific teams of its kind. At its heart is our collections which are a significant resource for the development of humankind's knowledge of the natural world. The wide scope of the collection in scientific, geographical, and historical terms, means that the Museum's collection has unique international value and importance. Our collections inspire and facilitate scientific discovery globally through our analytical facilities, digital access, research lending and in person visits by many hundreds of scientific visitors from around the world. Due to the pandemic, there have been no scientific visitors during 2020 – 2021. However, when the collections have been accessible to staff they have sent 108 loans of 6,327 specimens from the Earth Sciences and Life Sciences collections. Physical loans for the purpose of research are not made to individuals from the Library and Archive Collections.

Human Remains

The Museum holds a licence from the Human Tissue Authority (HTA). The HTA has a statutory function to ensure compliance with relevant legislation, codes of practice and directions and conduct inspections of licenced establishments to examine the suitability of premises, practices and procedures, governance arrangements and to meet staff working under the authority of the licence. The Museum was last inspected in 2016 and the report is publicly available on their website <https://www.hta.gov.uk/establishments/natural-history-museum-london-12186>

Immunity from Seizure

The Museum received Approved Status for immunity from seizure purposes on 9th April 2014. During the financial year 2020-21 no loans were made to the Museum which required immunity.

11 Investments

	Market value at 1 April 2020 £000	Additions £000	Increase / (decrease) in market value £000	Disposals £000	Market value at 31 March 2021 £000
Market value at 1 April 2020					
CCLA COIF – Charities Investment Fund	4,149	–	856	–	5,005
CCLA COIF – Charities Ethical Investment Funds	774	–	156	–	930
	4,923	–	1,012	–	5,935
Museum					
UK investment in Subsidiary	300	–	–	–	300
	300	–	–	–	300

The Museum has a wholly owned investment of 300,000 fully paid Ordinary Shares of £1 in the Natural History Museum Trading Company Ltd, valued at £300,000 in the Museum balance sheet.

12 Trading Subsidiary

The Museum owns the whole of the issued share capital of The Natural History Museum Trading Company Ltd, a company registered in England and Wales. The Company's principal activities are retailing, catering, venue hire, touring exhibitions, consultancy, image sales, licensing and the organisation of commercial promotions.

Trading Company profits are paid to the Museum annually under Deed of Covenant. In the year 2020-21 there was no profit to pay over as a result of the loss made in the Trading Company, and the loss will be brought forward into future periods to offset future payments of profit.

A summary of the results of the subsidiary is shown below:

	Total 2021 £000	Total 2020 £000
Income and expenditure		
Turnover	4,948	20,102
Cost of sales	(4,344)	(8,618)
Gross profit	604	11,484
Other operating income	527	–
Other expenses	(2,094)	(4,830)
Operating profit	(963)	6,654
Amount of payment under Deed of Covenant to the Museum	–	(6,654)
Loss on ordinary activities before taxation	(963)	–
Taxation		
Retained in subsidiary	(963)	–
	2021 £000	2020 £000
Balance Sheet		
Fixed assets (tangible and intangible)	863	603
Current assets	7,497	4,609
Current liabilities	(9,023)	(4,912)
Net assets	(663)	300
Share capital and reserves	(663)	300

13 Stock

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Finished goods and goods for resale	1,050	1,006	255	261
Work in progress	52	62	52	62
	1,102	1,068	307	323

14 Debtors

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	1,274	2,528	630	646
Other debtors	1,304	1,624	1,304	1,620
Amounts due from subsidiary undertaking	–	–	5,555	1,508
Prepayments	1,875	1,677	1,801	1,588
Accrued income	2,346	2,135	2,154	1,716
	6,799	7,964	11,444	7,078

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Debtors include the following financial instruments:				
Gross trade debtors	1,330	2,584	630	646
Less: provision for impairment	(56)	(56)	–	–
	1,274	2,528	630	646
Other debtors	1,304	1,624	1,304	1,620
	2,578	4,152	1,934	2,266

As the Museum receives a substantial part of its income from DCMS, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex or play a significant medium to long-term role in the financial profile of the Museum. Trade debtors include amounts due to the Museum in foreign currency, mostly US Dollar and Euro, which are not significant to the overall financial risk of the Museum.

The age profile of non-impaired trade debtors is as follows:

	2021	2020
	£000	£000
Not due	926	1,877
up to 30 days past due	58	430
30-60 days past due	288	195
Over 60 days past due	2	26
	1,274	2,528

15 Cash at bank and in hand

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Balances held with the Government Banking Service	8,429	11,437	8,429	11,437
Balances held with commercial banks and cash in hand	18,338	7,983	12,064	6,047
	26,767	19,420	20,493	17,484

Included in the above are balances in Euros equivalent to £4,880,000 (2020: £2,329,000) and US Dollars equivalent to £863,000 (2020: £883,000). These balances do not expose the Museum to any significant exchange rate risk as they are primarily held in connection with grants received from funders where onward payments are to be made in the same currency.

During the year, cash surplus to daily requirements was either deposited with the Government Banking Service or invested short term with leading European financial institutions. Cash must be invested and managed in accordance with the Museum's Investment Policy which was approved by Trustees in February 2017. In the event of financial failure at a financial institution at which the Museum holds term deposits, the Museum would be exposed to the risk of losing the investments.

16 Cash held as under agent relationships

The Museum acts as project lead on a number of consortium grants where cash is received and subsequently paid out to other consortium beneficiaries. These cash funds are not recognised as a Museum asset and do not appear in the Museum's Balance Sheet. During the year the Museum received £1,831,000 to distribute to partners (2020: nil). During the year £3,000 (2020: £2,859,000) was distributed. At 31 March 2021 the Museum held £1,940,000 (2020: £113,000) to be transferred in future periods.

17 Creditors: amounts falling due within one year

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade creditors	1,942	1,843	1,679	1,542
Other creditors	406	1,223	321	790
Taxation and social security	871	868	871	868
Deferred income	7,125	5,998	4,751	3,633
Accruals	7,098	5,476	6,239	5,003
DCMS loan falling due in less than 1 year	548	550	548	550
	17,990	15,958	14,409	12,386

Amounts classified above as trade creditors and other creditors fall within the definition of financial instruments. The Museum does not borrow funds on the money markets and accordingly financial instruments play a more limited role in creating risk than would apply to a non-public sector body of similar size. None of the above financial instruments are complex, play a significant medium to long-term role in the financial profile of the Museum or fall due in more than one year other than the remaining balance on the loan payable to DCMS (note 18). Trade creditors include amounts due by the Museum in foreign currency, mostly US Dollars and Euros, which are not significant to the overall financial risk of the Museum.

Deferred income	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
As at 1 April 2020	5,998	10,224	3,633	7,184
Deferred in current year	13,686	4,657	9,116	2,434
Released from previous year	(12,559)	(8,883)	(7,998)	(5,985)
As at 31 March 2021	7,125	5,998	4,751	3,633

Deferred income represents income received on contracts and performance related grants where the work required by the contract or the performance clauses of the grant has not been completed.

18 Creditors: amounts falling due after one year

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
DCMS Loan falling due in less than 5 years	–	546	–	546
	–	546	–	546

In 2015-16, DCMS approved a loan to the Museum totalling £2,730,000 towards the development of the Members' and Patrons' Room. The first instalment of £305,000 was received in 2015-16 and the balance of £2,425,000 was received in 2016-17. The loan is repayable in five instalments over the period April 2017 to April 2021. Interest is being accrued at a fixed rate of 0.89% on the first instalment and a fixed rate of 0.33% on the second instalment. Interest is based on the National Loans Fund published rates. Included in the creditor balances is accrued interest to date.

19 Commitments under operating leases

The Museum has entered into a series of operating leases for the use of premises and equipment in its operations. The minimum payments due under these contracts within each of the following periods are:

	Land and buildings	Other assets	Total 2021	Total 2020
	£000	£000	£000	£000
Payments due within one year	140	23	163	240
in second to fifth year	53	2	55	218
over 5 years	–	–	–	–
	193	25	218	458

During the year, payments of £240,000 (2020: £251,000) were made under operating leases.

20 Statement of Funds

Museum	At 1 April 2020 £000	Income £000	Expenditure £000	Gains/ (losses) £000	Revaluation/ indexation £000	Transfers £000	At 31 March 2021 £000
Restricted funds							
Scientific grants	–	7,715	(7,715)	–	–	–	–
Coronavirus job retention scheme	–	3,103	(3,103)	–	–	–	–
Sponsored assets	93,638	1,606	(2,693)	–	(2,754)	(48)	89,749
Projects/other funds	519	272	(284)	–	–	284	791
Donations in kind	4,996	37	(57)	–	–	–	4,976
Equipment reserve	227	–	–	–	–	–	227
Special Funds	781	7	–	156	–	–	944
	100,161	12,740	(13,852)	156	(2,754)	236	96,687
General funds							
	6,795	67,928	(53,645)	(243)	–	(16,835)	4,000
	6,795	67,928	(53,645)	(243)	–	(16,835)	4,000
Unrestricted funds – designated							
Special Funds	1,005	168	(105)	147	–	–	1,215
Projects and other activities	–	–	–	–	–	–	–
Shared services	–	1,551	(1,551)	–	–	–	–
Future scientific research	1,153	–	(397)	–	–	587	1,343
Capital projects	546,737	–	(12,660)	(50)	(6,134)	16,012	543,905
	548,895	1,719	(14,713)	97	(6,134)	16,599	546,463
Permanent endowment funds							
	3,436	–	–	710	–	–	4,146
	3,436	–	–	710	–	–	4,146
Total funds	659,287	82,387	(82,210)	720	(8,888)	–	651,296

The Scientific grants fund represents income and expenditure from grant awards restricted for specific projects.

The Coronavirus job retention scheme represents the funds received to furlough staff in the financial year and represents both the figures received in the Museum and the Trading Company. Any additional top-up of furloughed staff wages (including National Insurance and pension costs where these could not be claimed for) were met out of unrestricted funds.

Restricted sponsored assets funds represent fixed assets, predominantly land and built infrastructure, previously funded by donations and bequests.

Restricted donations in kind funds represent items donated to the Museum, predominantly comprising donations to the Museum's collection (note 10). This includes donations under the Arts Council Acceptance in Lieu scheme.

Designated Special Funds are a collection of 17 funds which have arisen from various legacies and donations to the Museum, and which are consolidated and administered by the Museum, plus the Benevolent Fund. These are designated for work in line with the objectives of the Special Funds Trust and the Benevolent Fund, with due regard to the original aim of the funds.

Shared services funds represent the income and expenditure related to supplying electricity and heating to the V&A and Science Museum. The costs of these supplies are recharged on a not-for-profit basis (note 1).

Designated future scientific research funds are allocated to individual Museum science departments for investment in research projects.

Capital projects designated funds are unrestricted funds formally designated against unrealisable fixed assets such as the Waterhouse Building and the Museum's Collection, representing funds that are not readily available to the Trustees.

Permanent endowment funds represent funds donated to be held as capital. The income generated from these funds is to be applied in accordance with the donor's wishes.

The transfer from sponsored assets reflects an asset brought into use in year which was funded from restricted funds. The use of the asset itself is not restricted.

The transfer from general funds to designated future scientific research funds reflects the decision of the Trustees to fund future scientific research from the Museum's own resources.

The transfer to future projects reflects planned future spend on these projects from unrestricted reserves which has been committed to by trustees.

The transfers between general funds and designated capital projects funds reflect the acquisitions, net of disposals, of those assets which have been funded from the Museum's own resources during the year.

21 Analysis of group net assets between funds

	Designated funds £000	General funds £000	Restricted funds £000	Permanent endowment funds £000	Total £000
Fund balances at 31 March 2021 are represented by					
Tangible and heritage fixed assets	537,151	–	91,207	–	628,358
Intangible assets	728	–	–	–	728
Investments	1,789	–	–	4,146	5,935
Current assets	7,905	17,079	9,684	–	34,668
Liabilities	(1,110)	(13,079)	(4,204)	–	(18,393)
Total net assets	546,463	4,000	96,687	4,146	651,296
Unrealised gains included in the above:					
On tangible fixed assets	333,295	–	38,099	–	371,394
Total unrealised gains at 31 March 2021	333,295	–	38,099	–	371,394

22 Net cash from operating activities

	Group 2021 £000	Group 2020 £000	Museum 2021 £000	Museum 2020 £000
Net (expenditure)/income before gains and losses	127	(4,501)	1,019	(4,527)
Donated heritage assets	(28)	(144)	(28)	(144)
Investment income received	(182)	(241)	(7)	(88)
Interest paid	2	5	2	5
Depreciation	14,550	14,045	14,482	13,972
Amortisation	205	277	190	195
Loss on disposal of fixed assets	50	–	50	–
Decrease/(increase) in stock	(34)	(84)	16	(63)
Decrease/(increase) in debtors	1,165	54	(4,366)	(1,166)
Increase/(decrease) in creditors	2,032	(2,771)	2,023	(2,411)
Net movement in provisions	50	(35)	50	(35)
Net cash from operating activities	17,937	6,605	13,431	5,738

Group analysis of changes in net debt

	At start of year £000	Cash- flows £000	Foreign exchange movements £000	Other non-cash changes £000	At end of year £000
Cash	19,420	7,590	(243)	–	26,767
DCMS loan falling due in less than 1 year	(550)	550	–	(548)	(548)
DCMS Loan falling due in less than 5 years	(546)	–	–	546	–
Total	18,324	8,140	(243)	(2)	26,219

23 Provision for liabilities and charges

The Museum has operated an early retirement and severance scheme from 1990-91 which gives retirement benefits on redundancy terms to qualifying employees. Under this scheme the Museum bears the costs of these benefits until the normal retiring age. Provision is made for these costs in the year of retirement of the employee and released annually to cover payments made until the employee reaches normal retiring age. The provision covers a period to 2021.

The Museum employs a number of staff on fixed term appointments, the end date of which is usually determined by a funding agreement for the post. Under employment legislation, the Museum is liable to pay redundancy costs on the termination of these appointments unless the appointment is extended or alternative employment is offered. Provision is made for these costs when the contract is within 3 months of its termination and there is no reasonable certainty that the contract will be extended or replaced.

The equipment reserve provision relates to an excess energy savings pool which is derived from the energy services contracts. The provision is available to be released to the Museum to underpin any shortfall in the energy savings which the contractor is required to deliver each year over the life of the contract. Any balance remaining at the conclusion of the contract is shared equally between the contractor and the Museum.

Detail of these provisions and the movement in year are as follows:

Early Retirement

	Group 2021 £000	Group 2020 £000	Museum 2021 £000	Museum 2020 £000
Balance at 1 April 2020	9	50	9	50
Payments against provision	(9)	(41)	(9)	(41)
Balance at 31 March 2021	–	9	–	9

Redundancy Provision

	Group 2021 £000	Group 2020 £000	Museum 2021 £000	Museum 2020 £000
Balance at 1 April 2020	55	49	55	49
Addition to provision	114	55	114	55
Payments against provision	(55)	(49)	(55)	(49)
Balance at 31 March 2021	114	55	114	55

Equipment Reserve Provision

	Group 2021 £000	Group 2020 £000	Museum 2021 £000	Museum 2020 £000
Balance at 1 April 2020	289	289	289	289
Addition to provision	–	–	–	–
Balance at 31 March 2021	289	289	289	289

Total Provision for liabilities and charges

	Group	Group	Museum	Museum
	2021	2020	2021	2020
	£000	£000	£000	£000
Balance at 1 April 2020	353	388	353	388
Addition to provision	114	55	114	55
Payments against provision	(64)	(90)	(64)	(90)
Adjustment to existing provision	–	–	–	–
Balance at 31 March 2021	403	353	403	353

24 Capital commitments

Outstanding capital commitments at 31 March 2021 amounted to £1,112,000 (2020: £795,000).

25 Contingent liability

The Museum outsourced the provision of soft maintenance services to Servest Ltd. in 2009. This required a number of employees to be transferred out of the Museum's employment and into the employment of Servest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees had to be enrolled by the new employer into a pension scheme broadly comparable to the Civil Service Pension scheme which they were enrolled in whilst in the Museum's employment. The contract was retendered and awarded to Total Support Services Ltd in July 2016 which under the New Fair Deal Policy triggered the opportunity for the transferred staff to transfer the pension benefits earned in the Servest scheme back into the Civil Service Pension scheme. As the contracting authority the Museum will have a liability to pay any shortfall between the transfer in and transfer out values. The value of the liability will depend on negotiation with the Servest scheme provider and the number of individuals who take up the option to transfer.

The Government Actuary's Department have been engaged to undertake this process on the Museum's behalf.

26 Commitments under energy services and energy management services contracts

i) On the 19th July 2006 a contract was signed between the Natural History Museum and Vital Energi Utilities Limited for the provision of energy and energy management services at the Natural History Museum and the Victoria and Albert Museum. Under the contract Vital Energi Utilities Limited designed, supplied, installed, and commissioned plant and equipment to provide co-generation of electrical power and heating, and chilling services. They also are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 19 December 2006. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum.

The accounting treatment whereby the monthly fee payable to Vital Energi Services Limited is charged to expenditure as it occurs over the life of the contract has been determined in accordance with FRS 102.

In addition there is a separate interface agreement between the Natural History Museum and the Victoria and Albert Museum which governs the relationship between them in relation to the energy services and energy management services contract.

ii) On the 22nd October 2010 a contract was signed between the Natural History Museum and Total Gas Contracts Limited for the provision of energy and energy management services at the Museum's sites at South Kensington, Wandsworth and Tring. Under the contract Total Gas Contracts Limited designed, supplied, installed and commissioned plant and equipment to deliver electrical power, lighting, heating, low temperature hot water, and chilling services. In 2017 the contract was sold by Total Gas Contracts Limited to Cynergin Contracts Limited. All terms within the contract remain the same. Cynergin Contracts Limited were then acquired by Veolia ES Energy Performance (UK) Ltd in January 2017. Veolia ES Energy Performance (UK) Ltd are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 31 October 2011. At the end of the contract any equipment that comprises a fixture will automatically transfer to the Museum.

The accounting treatment whereby the monthly fee payable to Veolia ES Energy Performance (UK) Ltd is charged to expenditure as it occurs over the life of the contract has been determined in accordance with FRS 102.

Future minimum commitments under the contracts at 31 March 2021 amounted to £2,731,000 (2020: £4,187,000).

27 Losses and special payments

There were no losses or special payments made during the year ended 31 March 2021 (2020: nil).

28 Related party transactions

The Natural History Museum is a non-departmental public body of DCMS.

DCMS and its arm's length bodies are regarded as related parties. During the year the Museum has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department. These are as follows:

Grant-in-Aid (note 3) was received totalling £60,254,000 (2020: £46,672,000).

At 31 March 2021 there was an outstanding loan balance to DCMS of £548,000 (2020: £1,096,000) including accrued interest for the year ending 31 March 2021.

Income relating to the supply of power to the Science Museum Group totalled £510,000 (2020: £870,000). At 31 March 2021, there was a balance of £nil due from the Science Museum Group in respect of these services (2020: £407,000).

Income relating to the supply of heat and power to the Victoria and Albert Museum totalled £1,044,000 (2020: £1,211,000). At 31 March 2021, there was a balance of £nil due from the Victoria and Albert Museum in respect of these services (2020: £226,000).

Payments of £30,000 (2020: £46,000) were made to the Victoria and Albert Museum for security management services and training. At 31 March 2021, £12,000 was owed (2020: £8,000) in respect of these services.

Payments of £34,000 (2020: £27,000) were made to the British Library in respect of transfers and rental.

No payments (2020: £100) were made to the Horniman Public Museum and Public Park Trust, of which Clare Matterson is a Trustee.

Sir John Beddington CMG FRS is president and Sir Michael Dixon is a Fellow of the Zoological Society of London. Income of £34,000 (2020: £44,000) was received for science consultancy services. At 31 March 2021, £22,000 was owed (2020: £nil). Payments of £200 (2020: £1,000) were made during the year.

Simon Patterson is a board member at Dell. Payments of £315,000 (2020: £330,000) were made for the supply of computers and accessories. Income of £113,000 was received for Flett Theatre costs and sponsorship (2020: £114,000). There was a balance due in respect of this of £38,000 (2020: nil).

Sir John Beddington CMG FRS is Chair of the Audit Committee at the Royal Society. Payment of £500 was made during the year in respect of membership (2020: nil). The museum received payments of £100 for commercial income (2020: nil).

Sir John Beddington CMG FRS is an advisor for the Food Division of Marks and Spencer Group Plc. During the year the Museum received £88,000 in respect of commercial income (2020: £8,000) and made payments of £2,000 in respect of commercial income (2020: nil).

Dr Tim Littlewood is an honorary senior lecturer at University College London (UCL) and Professor Dame Janet Thornton DBE FRS holds a joint grant. Payments of £35,000 (2020: £18,000) were made in respect of analysis, fees and funding. Income of £143,000 (2020: £142,000) was received in respect of fees. At 31 March 2021 there was a balance due in respect of this of £11,000 (2020: £3,000).

Sir Michael Dixon is a member of Court at Imperial College. During the year the Museum worked with Imperial College on a number of scientific projects.

Neil Greenwood is a Board member of the London Universities Purchasing Consortium. Payment of £4,000 (2020: £5,000) was made in respect of membership.

Sir Michael Dixon is Co-Chair of the Exhibition Road Cultural Group. Payments of £11,000 was made in respect of membership (2020: £22,000).

Sir Michael Dixon is a Fellow of the Linnean Society of London. Income of £nil (2020: £200) was received in respect of student conference sponsorship.

Professor Dame Janet Thornton DBE FRS is part of the GSK Data Advisory group. The museum received a payment of £25,000 in respect of commercial income (2020: £25,000).

Professor Dame Janet Thornton DBE FRS and Professor Stephen Sparks KBE FRS are members of the European Research Council. The Natural History Museum is a participant in a Council-funded research projects entitled 'Analysing diversity with a phenomic approach: trends in vertebrate evolution'.

Dr Tim Littlewood is a member of the executive steering committee at the Earlham Institute and Professor Dame Janet Thornton DBE FRS is a trustee. Payment of £67,000 (2020: £345,000) was made in respect of science grants projects. Income of £56,000 (2020: £110,000) was received in respect of science grants projects.

Dame Frances Cairncross DBE FRSE serves on the Board of Trustees of the Natural History Museum Development Trust. As at 31 March 2021 there was a balance of £4,000 (2020: £5,000) due from the Trust in respect of administrative services and income received of £nil (2020: £8,000).

Lord Stephen Green and Dame Frances Cairncross DBE FRSE are honorary Fellows at Exeter College. Income of £9,000 received in 2020 was refunded in 2021 in respect of cancelled venue hire.

Clare Matterson is a council member of The Natural Environmental Research Council (NERC). Payments of £1,000 (2020: £14,000) were made in the year. Income of £895,000 (2020: £1,485,000) was recognised on scientific grants received from NERC during the year.

Dr Sarah Thomas is a board member at the OCLC. Payments of £12,000 were made for subscription renewals (2020: £5,000).

Dr Tim Littlewood is a member of the Board of Trustees of the Hunterian Collection at the Royal College of Surgeons. Receipts of £3,000 were made in respect of storage in the year (2020: £3,000).

Hilary Newiss is board member of UK Research and Innovation. Payments of £13,000 were made during the year for subscriptions (2020: £nil).

29 Post Balance Sheet Events

The annual report and accounts were approved and authorised for issue by the Accounting Officer and Trustees. The authorised date for issue of these accounts is the date on which the accounts are certified by the Comptroller and Auditor General.

