

# **National Museums Liverpool**

Annual report and accounts 2020-2021

For the period 1 April 2020 to 31 March 2021

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

Ordered by the House of Commons to be printed on 21 February 2022



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# Contents

	Page
Annual Report:	
Legal and Administration	1
Director's Statement	5
Operating Review	7
Financial Review	21
Sustainability Report	24
Remuneration and Staff Report	27
Key Performance Indicators	35
Statement of Trustees' and Director's responsibilities	36
Governance Statement	37
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	43
Consolidated Statement of Financial Activities	47
Consolidated Balance Sheet	48
Museum Balance Sheet	49
Consolidated Cash Flow Statement	50
Notes forming part of the Financial Statements	51

## **Legal and Administration**

### **Status**

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

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

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

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

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

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

### **Trustees**

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

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

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

The Board of Trustees during the year comprised:

Sir David Henshaw (Chair)

Heather Blyth (appointed 18 May 2020)

Isabel Chadwick (appointed 18 May 2020)

Jim Chapman

Sarah Dean

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

Paul Eccleson (appointed 18 May 2020)  
David Fleming  
Heather Lauder  
Rita McLean (appointed 18 May 2020)  
Andy McCluskey (appointed term ended 8 June 2020)  
Philip Price (appointed term ended 10 September 2020)  
Ian Rosenblatt  
Virginia Tandy  
Max Steinberg  
Tony Wilson (appointed 18 May 2020)

Associate Trustees  
Michelle Charters  
Andy McCluskey (appointed 9 June 2020)

**Trustee Committees**

The following Trustee Committees met during the year:

Audit & Risk Committee  
Finance & Resources Committee  
Remuneration Committee

**Register of Interests**

A register of interests disclosed by individual Trustees is available on request for inspection at the Principal Office along with minute book entries of disclosures made at Trustee meetings. Related party transactions are shown in note 20.

**Open Government**

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

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

**Registered Office and Professional Advisers**

**Principal and Registered Office of NML**

World Museum  
William Brown Street  
Liverpool  
L3 8EN

**Investment Managers**

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

**Bankers**

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

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

**Auditors**

**Consolidated Account**

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

**Trading Company**

BWMacFarlane & Co  
Tempest, Suite 5.1  
12 Tithebarn Street  
Liverpool  
L2 9SH

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

### **Solicitors**

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

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

### **Management**

During the year, the senior management of NML was:

Director and Accounting Officer, Laura Pye;  
Executive Director of Art Galleries and Collections Care, Sandra Penketh;  
Executive Director of Audiences & Media, David Watson;  
Executive Director of Business Resources, Stephanie Donaldson – joined 18 May 2020;  
Interim Executive Director of Business Resources, Anthony Park – left 31 May 2020;  
Executive Director of Commercial Enterprise & Visitor Experience, Melanie Lewis<sup>1</sup>; and  
Executive Director of Museums & Participation, Janet Dugdale.

On 31 March 2021, there were eight public museums within the NML Group. These were: -

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

### **Human Resources**

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

### **Involvement of employees in the affairs, policymaking, and performance of NML**

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

### **Persons with Access Requirements**

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

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



## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

### **Staff Resource Strategy**

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

### **Volunteer Programme**

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

NML engaged 156 volunteers in 2020/21 (2019/20 200). Opportunities to volunteer were reduced by the impact of the COVID-19 pandemic.

### **Health & Safety Policy**

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

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

## **Director's Statement**

It's been an incredibly difficult year for everyone, but I am immensely proud of what colleagues have achieved as we navigated one of the most challenging periods in our lifetimes – professionally and personally.

We approached the new financial year with great optimism armed with our ambitious plans to continue our organisational transformation after such a successful 2019/20. We soon came to realise that the COVID-19 pandemic was rapidly taking hold across the world with the UK Government implementing stringent public health protective measures eventually leading to full lockdown which saw all our venues closing, and our events/activities suspended. Whilst these restrictions began being implemented just short of the new financial year no one knew at that point how long they were going to remain, the severity of the public health crisis and the ultimate impact the pandemic would have on the economy and livelihoods. We now know, even with no real certainty when COVID-19 will no longer be present in our lives, that it will take businesses and individuals many years to fully recover, and we are no different.

National Museums Liverpool (NML) is a group of very different and wide-ranging museums and galleries sharing important stories from ancient times to today through more than four million objects. We're visited by millions of people each year and no time in peacetime have we ever had to suspend operations in the same manner as we've seen in the last financial year.

Our whole purpose at NML is to provide the public with access to our extraordinary collections, and creating memorable experiences whether that's through our exhibitions, galleries or our far-reaching learning programmes or incredible events and activities. The suspension of 'normal' business was difficult for every single employee, and whilst we couldn't operate as usual, we still had to ensure our buildings and collections were secure and looked after and ensuring our animals in our much-loved aquarium were cared for. I'm sincerely grateful for all those colleagues who worked throughout to protect and care for our invaluable collections, buildings, and animals.

We also had to find new ways to engage our audiences through digital means. Our teams worked tirelessly to reinvigorate, reshape, and present activity online such as our hugely successful Virtual Classrooms for schools, virtual exhibition tours, our annual Slavery Remembrance Day, Federation of International Human Rights Museums Annual Conference as well as interactive engagement programmes such as #MyHomeMyMuseum. Our digital team also increased our editorial content on [liverpoolmuseums.org.uk](http://liverpoolmuseums.org.uk) ten-fold continuing to engage thousands of members and supporters in our important work, inspiring them with new stories and bringing them closer to our collections more than ever before.

Nonetheless, the interruption to 'normal' operations had significant implications across the entire NML Group. Without visitors in our buildings our visitor donations reduced to zero, bookings for private events were cancelled and our typically buoyant cafes and retail outlets were unable to trade. We were also unable to deliver our planned programme of exhibitions which included paid and Pay What You Think programmes as well as our hugely popular programme of events and activities; all of which are vital in generating income for the organisation as well as inspiring, educating, entertaining and enriching audiences worldwide.

We had to find ways to protect ourselves as a business by taking sensible steps to postpone and reschedule activity, review our staffing resource as well as utilise the government furlough scheme where we could. Most colleagues continued working at home throughout lockdown adapting to new ways of communicating, collaborating, and helping to stabilise our business as best as possible whilst at the same time navigating their own personal challenges. Collectively we focused on moving forward with some of the projects we'd identified previously that were key to our organisational transformation which included our brand refresh initiative, introduction of new systems such as eLearning providing first-class training to all 600+ employees, a new Customer Relationship Management system as well as developing new products in-response to the

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

### **Annual Report for the year ended 31 March 2021**

pandemic including House of Memories Online Training, a House of Memories tablet loan service and our House of Memories On the Road experience.

In the weeks that followed the tragic death of George Floyd, there was a huge number of conversations happening around the world, and right here at NML too. We made a commitment a long time ago to being an anti-racist organisation; that we'd campaign for racial equality and create the space to tell the profound and important stories of all communities, which is integral to who we are as a museum service (and city). However, this moment in time called for us to intensify our efforts to improve inclusivity and representation, make our actions more visible, and hold ourselves to greater level of accountability. We established an internal staff-led Task Force to create the time and space for us to collectively explore our own challenges, gain knowledge from lived experiences and detail the actions to allow us to do better. We built new action plans, made our position clear publicly and devised a new anti-racist charter to help guide everything we do, as well as continued to openly listen, engage, and respond with colleagues and communities.

We were thrilled when we were able to reopen briefly in July and in-year we welcomed over 200,000 visitors back to our venues. It was heart-warming moment and our colleagues worked extremely hard to ensure our venues were fully COVID-19-secure and ready to welcome back visitors and provide the best possible visitor experience.

Work on our ambitious Waterfront Masterplan also continued during this period. In 2020/21 we undertook further detailed feasibility, amplified and extended stakeholder engagement, developed detailed project execution plans as well as advanced our fundraising strategy, including submitting significant fundraising asks to major funders to ensure we'd be in the best possible position to fully-resume this critical transformation of Liverpool's iconic waterfront and unique cultural offering provided by the International Slavery Museum (ISM) and adjoining waterfront heritage assets.

Our highly anticipated Linda McCartney Retrospective exhibition at Walker Art Gallery was waiting in the wings for quite some time before we could open it to the public in August 2020, welcoming over 15,000 visitors. We were also able to undertake major renovation works across our venues including the repair of Walker Art Gallery roof and upgrades of its iconic Medieval and Renaissance galleries, as well as upgrades to two of our most visited experiences at World Museum, our Aquarium and Planetarium. They've both seen huge improvements to their infrastructure, interpretation and technology ensuring they're fit-for-purpose for many years to come.

To close off the financial year, we partnered with Culture Liverpool for their annual River of Light festival and co-commissioned the stunning Rainbow Bridge by Josh Zubkoff which stood proudly on the newly opened Caning Graving Docks, marking 1yr since lockdown, and offering a sign of hope, togetherness, and hopefulness for us all.

Over the next 12 months we have a lot to be positive about with the UK COVID-19 Vaccination programme now reaching millions, a clearer roadmap toward fully reopening and major achievements under our belts as part of organisational transformation plans. We also have an exciting 2021/22 programme of exhibitions, events and activities planned to re-energise and welcome audiences again and to gradually re-build our cultural business so that we can continue to deliver memorable experiences for everyone, and challenge expectations.



**Laura Pye**  
**Director and Accounting Officer**  
**Date: 8 February 2022**

## Operating Review

### Objectives and Activities

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

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

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

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

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

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

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

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

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

- have the most representative audience and colleagues' profiles within the museums sector in the UK;
- engage over ten million people each year: more than four million visitors to our museums and galleries and a further six million through digital engagement, touring exhibitions and outreach;
- be a place where people want to work, are happy to work and proud to work and together we will generate over £50,000 a day, more than half our turnover, through commercial business, grants and gifts;

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

### **Annual Report for the year ended 31 March 2021**

- ensure that we provide great facilities to look after our valuable collections and colleagues, with accommodation fit for the next 30 years;
- ensure all schools in the Liverpool City Region will visit at least one of one of our museums and galleries each year;
- ensure our museums and galleries will celebrate their unique identities and collections, play to their strengths, delight their different audiences and make us proud; and
- ensure people will recognise us as a valued leader of cultural and economic growth for the city, city region and north of England and as one of the world's finest museum groups.

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

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

### **Achievements and Performance**

Whilst it has been a very different year for NML group, we've continued to progress our work where possible to create the best conditions for recovery that will ultimately enable us to continue to realise our strategic ambitions.

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

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

As already noted, the COVID-19 pandemic meant that our venues were closed for much of the year and the planned exhibitions, events and activity could not go ahead. This has had a profound impact on our visitor numbers as well as income generated through our cafés, shops, events as well as visitor donations and memberships.

Like many businesses we had to re-think how we were going to operate when we reopened, even though for quite some time we didn't really know when that would be possible. We had to find ways to protect ourselves as a business by taking sensible steps to postpone and reschedule activity and review our resource, yet continuing, where we could, to operate and transform our business. We had to ensure that when we could reopen, we would be ready and in a stronger position to continue to showcase and promote our collections, venues, exhibitions and programmes locally, nationally, and internationally. In the limited time we were able to open during 2020/21 our venues welcomed over 200,000 visitors.

Whilst a lot of our work couldn't continue as normal, we still had to ensure our collections and buildings were safe and looked after, and our animals in our aquarium were fed. We utilised the UK Government's Coronavirus Job Retention Scheme for a proportion of colleagues in our trading company and charity but most colleagues in the group continued to work from home. Colleagues from across the organisation also had to quickly adapt and find new ways to engage and connect with audiences through digital means. While NML has a strong track record of using digital, we still faced the challenge of trying to convert typical offline activity effectively and quickly to online, catering for different audiences, in different settings, working in ways we've never done so before. All teams have gained such invaluable experience and knowledge working with digital as the main medium for engagement and communication during this period, and as a result, our journey to becoming more digitally focused as an organisation has been accelerated dramatically.

We attained over 1.2m website visits, achieved a growing social media presence with 298,746 followers overall across our 22 social channels (8.5% growth) and attaining over 20m impressions. Our developing YouTube channel had 3.2m views, with an increase of over 16,000 new subscribers. We also delivered numerous live broadcast events as well as 13 virtual tours of galleries and exhibitions collectively achieving over 44,000 views and over 100,000 impressions.

In 2020/21 we planned to stage several major exhibitions and displays, but inevitably these were postponed. Colleagues continued to work throughout this challenging period to ensure key exhibitions and galleries were ready for when we could reopen, offering wonderful experiences for returning and new visitors. After much anticipation, we opened the exquisite Linda McCartney Retrospective exhibition at Walker Art Gallery in August 2020 featuring some of her most iconic photographs including unseen work, which continued through to January 2021. This powerful, successful exhibition signalled a huge milestone for the organisation as we returned to opening our doors to the public.

We also opened German Revolution: Expressionist Prints at the Lady Lever Art Gallery in October 2020 which explored the social, political, sexual and moral struggles taking place during the turbulent period of the German Revolution (1918-1919).

The John Moores Painting Prize competition also returned to our programme, and whilst the competition began in 2019, the judging process and exhibition opening were rescheduled due to closure. During 2020, the judging and selection process transferred completely online for

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

### **Annual Report for the year ended 31 March 2021**

the first time which saw our official jurors Michelle Williams Gamaker, Jennifer Higgle, Gu Wenda, Hurvin Anderson and Alison Goldfrapp, each operating from different parts of the world.

Throughout the last year work, we also continued to progress our research and development programmes for several exhibitions including Greeks & Romans, Bees, Climate Change and a new immersive experience in collaboration with renowned immersive studio Draw & Code called Enchanted Museum. Colleagues also sustained planning work on the reinstatement of the Wondrous Place gallery at Museum of Liverpool following the run of Liverpool on Wheels: from Horses to Horsepower exhibition. Similarly work continued on our international touring exhibition plans ensuring, as soon as feasible, the tour could be rescheduled.

We successfully created digital engagement initiatives during lockdown for those learning at home such as My Home is My Museum (April to Aug 2020) encouraging 4 – 11-year-olds to learn about what museums and galleries do on a day-to-day basis. They were also asked to think about how to bring their own exhibition together by curating a display featuring their own treasured ‘objects’ or works of art. The best entries were shortlisted, and a few lucky children won the opportunity for their exhibition to be featured in a special digital exhibition online and an afternoon with a curator taking a behind-the-scenes tour when we reopened. The My Home is My Museum initiative was shortlisted for Best Social Media Activity in the 2020 Family Friendly Museum at Home Award (Kids in Museums) and came runner-up in the 2020 Curious Minds, NW Cultural Education Awards.

In the weeks that followed the tragic death of George Floyd and the Black Lives Matter protests there was a huge number of conversations happening around the world, and right here at NML too. We made a commitment a long time ago to being an anti-racist organisation; that we would campaign for racial equality and create the space to tell the profound and important stories of all communities, which is integral to who we are as a museum service and City. This moment in time called for us to intensify our efforts to improve inclusivity and representation, make our actions more visible, and hold ourselves to greater level of accountability.

We established an internal staff-led Black Lives Matter Task Force to create the time and space for us, as an organisation, to collectively explore our own challenges, gain knowledge from lived experiences and detail the actions to allow us to do better. It was a safe and open forum to have honest and sometimes difficult conversations and figuring out how we collectively respond to driving further change, not only as a national museum service, but as an employer committed to being the most diverse and representative museum service possible.

We built new action plans, made our position clear publicly and devised a new anti-racist charter to help guide everything we do. Our active work around the Black Lives Matter movement saw a huge increase in engagement as result, particularly via the International Slavery Museum, as a leading voice in campaigning for racial equality. Audiences flocked to our social media channels, engaged in debate and conversation, as well as visited us in-venue when we reopened, including notable public figures.

Our House of Memories programme continued its important work during 2020 albeit in a new way. The team worked to convert its award-winning training for carers and professionals into an online offer and developed a new pioneering House of Memories On the Road immersive experience to take services into the heart of local communities (securing support from Liverpool City Council and Unilever). The team also partnered with the National Heritage Board (NHB) and the British Council in Singapore to develop a bespoke version of My House of Memories app. Originally launched in the UK six years ago, the app has already been

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

### **Annual Report for the year ended 31 March 2021**

successfully rolled out in the US, where we collaborated with the Minnesota Historical Society. The US version was curated by people living with dementia and their caregivers, including African Americans who selected items that connect to the black community including civil rights images and audio. The Singapore version is to include a curated selection of 100 objects from Singapore's National Collection and 11 additional objects from the Alzheimer's Disease Association, brought to life through multimedia features and more than 350 images.

The Singapore app package will be complemented by House of Memories museum-led dementia awareness training delivered by House of Memories, in partnership with NHB and the Agency for Integrated Care in 2021 for health and social care professionals, families, and care partners of people with dementia. Ten sessions have been organised for up to 400 health and social care professionals and caregivers, exploring how to use the app, introducing dementia based on real-life stories and how stimulating and sharing memories about a person's life history is important to support a person living with dementia and their families.

Closer to home, House of Memories also devised a pioneering tablet loan service, which is designed to provide access for socially isolated and vulnerable older people, providing them with access to our award-winning app. The Big Give Christmas Challenge raised over £11,000 toward realising this initiative.

An application to the Esme Fairburn Foundation was successful, and House of Memories was awarded £88,000 to deliver our 'Connecting with Yemeni Elders Heritage' in partnership with the Kuumba Imani Centre, as inspired by a young advocate 16-year-old Abdul Wase. The 18-month intergenerational project will work with young people and elders in the Yemeni community in Liverpool to co-create an app package for the successful My House of Memories app which celebrates Yemeni heritage. The programme will provide a skills development opportunity for young people and an opportunity to reconnect with Yemeni culture through their elders.

To date, My House of Memories app has had more than 33,000 downloads, with over 21,000 users who have taken part in 69,814 activity sessions. Since it was launched in 2014, the app has gone from strength to strength working with partners such as the Highland Museums Forum, Museums Galleries Scotland, the Museum of London and Unilever. The House of Memories team continue to build new partnerships around the UK, expanding beyond arts, heritage and culture to reach new sectors, and the widest audiences possible.

Our colleagues at Museum of Liverpool led the pioneering Covid-19: We're All in This Together collecting project which saw objects gathered representative and inclusive of Liverpool communities as they experienced the pandemic, with some of these new objects being displayed in the museum when we opened in August.

Our digital team devised and released a new podcast called Re:PRESENT which explores diverse stories of today and looks at how they are reflected in our collections and our communities. It was presented by Jane Garvey, former BBC Radio Woman's Hour presenter. It exceeded its original target by achieving nearly 4,000 downloads and continues to be popular with audiences around the world.

Our Learning & Participation Team made and delivered over 150 museum craft packs to Liverpool Roma, Mandela8, Homestart Huyton, Greenhouse, Fans supporting Food Banks, Kirkby schools, Halewood Elders, Kuumba Imani Centre, Asylum Link, KIND and South Liverpool Food Bank.



## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

Slavery Remembrance Day is one of our most important events we deliver each year, and due to the pandemic, we couldn't physically come together to mark the occasion, so we moved our entire programme online – joining together in a digital realm – from near and far with the libation ceremony represented in a short film featuring Chief Angus Chukuemeka and pupils from Calderstones School. We also welcomed guests such as Zita Holbourne and Professor Stephen Small who gave keynotes as part of the Dorothy Kuya Memorial Lecture series. We saw 3,619 UK web users and 414 US web users and a whole range of activity across social media.

We once again held the Federation of International Human Rights Museums (FIHRM) conference but was moved online for the first-time attracting thousands of delegates from around the world via Zoom to continue discussions around human rights themes as well as sharing ways of working, new thinking, and pioneering initiatives to support those working with such complex and sensitive topics.

In September 2020, we collaborated with dot-art through the Liverpool Without Walls Culture Fund initiative which saw artist Tommy Graham create his mesmerising anamorphic Liver bird artwork on the steps of Museum of Liverpool. In October, we began a new partnership with Google Arts & Cultural Institute to build our presence on their online platform, and to make available more of our collections and editorial content to audiences around the world.

In November we invited members of the local LGBT+ community to submit art works describing places, people, and events that were important to them. These artworks come from a range of ages, a range of people across the LGBT+ spectrum, and telling a multitude of stories that were not represented in NML's collections.

Work to improve our offer in our World Museum aquarium and planetarium continued throughout 2020 and into 2021, albeit under difficult circumstances, and these hugely popular attractions are due to open in the new financial year.

NNM collaborated with Culture Liverpool in 2020 to co-commission the iconic Josh Zubkoff Rainbow Bridge installation as part of Liverpool's iconic River of Light Festival. Unfortunately, it was postponed twice, eventually opening on 25 March 2021 marking a year since lockdown began. It attracted thousands of visitors during the festival period and achieved exceptional local and national media coverage.

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

In the past twelve months we've continued to make further improvements to ensure NML is truly representative of its audiences and that we can attract and retain the most diverse talent. Together with external advisers we reviewed and refreshed our recruitment approach to ensure we remove any potential barriers to application as well as improving and investing in our infrastructure, revising our policies, processes and strengthening our People Team resource to provide optimum support for our managers.

We implemented a new recruitment system (Cascade Recruitment +), while also introducing a new approach to our recruitment packs such as the removal of desirable criteria, simplifying job descriptions, appointing diverse panels to lead selection and interviews (internal and external representation) as well as introduced live online insight sessions offering prospective candidates an opportunity to meet the recruiting teams, discover more about our organisation and the roles available. We've introduced new distribution mechanisms for vacancies through third-party networks to ensure we reach the widest audience and continue to review recruitment practice on a regular basis. All our improvement work has been in collaboration

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

### **Annual Report for the year ended 31 March 2021**

with the RESPECT group which was established following the opening of the ISM and the need for broader strategic advice and support. The RESPECT group is a vehicle and guiding consultative body for that change – focusing on race equality issues, whilst recognising the intersectionality of other equality issues that also need addressing.

NML became a gateway organisation for the UK Government's new Kickstart Scheme established to provide six-month job placements for 16-24 year olds on Universal Credit who are at risk of long-term unemployment. Not only did we create job placements ourselves, but we also became a gateway organisation providing support for other organisations to create new job placements, offering in total as a group over 80 opportunities. As a consortium of 12 organisations, we represent some of the most creative, innovative, and exciting organisations in Liverpool and our goal is to offer the most inspiring and exciting job opportunities for young people that could lead to a life-long career within the arts, culture, and heritage sector, specifically breaking down the barriers to entry to employment in our sector.

Our Strategy & Planning Team continue to lead work on our improved approach to setting, sharing, and monitoring KPIs to ensure that together we all take responsibility in furthering our efforts to become the most representative museum in the UK. Our newly formed Project Management Office also continues its work of embedding new ways of working across all our work ensuring strengthened governance, accountability, and high-quality overall project delivery.

NML continues to reinforce and support the development of staff committees and groups, as well as enhance the effectiveness of our THRIVE programme established to support cultural transformation. THRIVE delivers an annual series of events aimed at supporting staff wellbeing and developing cohesion and during 2020/21 their work was critical to ensuring effective engagement and connectivity when a large proportion of colleges were working at home. They supported new ways to stay connected, implemented new initiatives to recognise staff achievement as well as led a new Buddy Scheme to support colleagues navigating the pandemic.

Our Equality, Diversity and Inclusion Group and Ethics Group each meet monthly and report to Leadership Team quarterly, and to our Board of Trustees. A new Environmental & Sustainability Task Force leads our work to radically improve our impact on the planet and becoming the most sustainable organisation possible. In collaboration with leading cultural transformation organisation EMBED, we devised a new Digital Inclusion Strategy to ensure NML creates a digitally inclusive, accessible and adaptive visitor and employee experience. We continue to collaborate with and support our workforce-led staff groups (BAME, LGBTQ+ and DMH).

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

We've been rapidly making progress modernising and improving our People function, improving support and advice to managers to ensure we support our teams to deliver our ambitious strategic plan. In 2019/20 we developed new ways to assess and monitor where we are now as an organisation, where we want to be and to enable the People Team, as well as the wider organisation, to build on our strengths, identifying improvements and opportunities to achieve our goals into the future. Our performance development and review process (PDR) continues to go from strength to strength and has now be moved to an online platform, which improves usability and continues to help managers build a high-performing culture, as well as identify development training and support needs.

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

### **Annual Report for the year ended 31 March 2021**

Our online learning platform has continued to be improved offering hundreds of courses with more being added every month. It is an invaluable tool for continued professional learning. While this platform is still relatively new to the organisation uptake during the pandemic increased significantly with staff response rates being excellent. To support dedicated learning, we also implemented MeLearning Mondays, a dedicated time each month, for colleagues to undertake training without other daily work activities causing disruption.

The annual colleague engagement survey continues to be our key measure of the health of the organisation, and is the platform used by the THRIVE engagement champions to develop and update a cultural change action plan.

NML introduced a new Intranet in 2019/20. During the pandemic we have relied heavily on this platform as a key communication and information sharing mechanism. It is now well embedded across the organisation. We continue to invest in technology and software for the organisation, and like many organisations during the pandemic, we increased the number of devices available to colleagues to enable effective engagement, collaboration, communication and remote working. Our implementation of Microsoft Office 365 services began prior to the pandemic, and its rollout continued throughout this challenging time to enable improved communication and engagement. Microsoft Teams became a critical system for the organisation to deliver and take part in virtual meetings and stay connected with colleagues, particularly delivering live updates as the pandemic unfolded.

Despite the pandemic reducing face-to-face working, we're delighted that our plans to improve systems and services continued including the development and implementation of a new Customer Relationship Management system, Social Media Management platform and Media Monitoring service.

Commercial income (from retail, café, and events trading) took a major blow during 2020/21, but as we gradually re-opened our venues levels increased. Our newly improved online shop continued to grow from strength to strength and performed well during the pandemic, fulfilling hundreds of orders for small and large merchandise items. Through 2020/21 we continued to work successfully with Liverpool Film Office to secure major filming bookings for TV series and films across some of our most iconic venues, generating much needed income for the organisation.

Our Box Office service continues to grow by supporting the wider organisation to deliver both free and paid for events to the public as well as our bookable schools' activities. The team also adapted our operation as we re-opened to facilitate timed ticketed entry for all of our venues.

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

NML continued to raise important funds and in-kind support from Trusts & Foundations, Memberships, Individual Donors and Corporate Partners achieving over £898,000 of income. Despite our diminished offer during 2020/21 our membership scheme remained relatively stable, and as we near the end of the financial year our membership numbers have once again begun to increase.

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

### **Annual Report for the year ended 31 March 2021**

We are extremely grateful to the Arts and Humanities Research Council for their generous support through their Capability for Collections Fund which has provided us with state-of-the-art analytical equipment and upgraded facilities to understand better and look after our diverse collections. This is absolutely key to supporting NML's Heritage Science research ambitions in the future.

We would like to thank the Esmée Fairbairn Collections Fund for their generous funding of our unique intergenerational project with Liverpool's Yemeni community. House of Memories: Connecting with Yemeni Elders Heritage will help young people support their parents and grandparents to connect with their cultural heritage through a new package on the My House of Memories app, featuring community held Yemeni collections. We are enormously grateful to Liverpool City Council whose support has made all the difference to the development of *House of Memories On The Road* (the first-ever mobile museum immersive experience in the UK to engage and support isolated older people and people living with dementia). We would also like to thank the Austin and Hope Pilkington Trust for their support of our House of Memories memory suitcases, which help carers to support elders and those living with dementia. Huge thanks also go to the Paul Mellon Centre for Studies in British Art for their support of our innovative project *666: Black Girl Magic* which enables us to radically rethink our curatorial approach with regards to the representation of Black British women artists in public collections and the pressing need to decolonise our institutions. Art Fund continues to support generously acquisitions and, through the Jonathan Ruffer curatorial grants scheme enables colleagues to carry out research.

We are also extremely grateful to the Clore Duffield Foundation through their Clore Cultural Learning Fund 2020, for their support of our learning and community work at World Museum and the Museum of Liverpool. Additional thanks to our long-time partner the John Moores Painting Prize Trust for supporting the important John Moores Painting Prize, supporter Rathbones for supporting the John Moores Painting Prize 2020 Visitors' Choice Prize, as well as our new exhibition partner Windsor & Newton who provided the winner of the Emerging Artist Prize with a generous gift of materials and a money can't buy artistic residency opportunity in London.

We would also like to acknowledge and thank all our committed corporate partners, members and patrons who were unwavering in their support throughout what has been an extremely different year.

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

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

Work has continued toward realising our Transformation Vision which sees a decade of change to ensure that all our facilities are revitalised to offer the maximum possible contribution towards NML's core purpose and the sustainability of our important public offer. Our Masterplan has three core pillars: Waterfront Masterplan, City Masterplan and

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

Collections Store.

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

In January 2021, we announced our full ambition to transform the City's historic waterfront landscape, and in March 2021, a placemaking competition that will make a key part of this plan a reality. The competition was designed to find a multi-disciplinary team to transform part of world-class site into a stunning leisure and cultural destination, with a powerful heritage narrative. The competition is supported by £120,000 of funding from the Liverpool City Region Combined Authority, as part of the Race Equality Programme launched by the Metro Mayor.

We were also shortlisted after an initial application to the National Lottery Heritage Fund Heritage Horizon Awards, and our team will now be working toward submitting a final application to secure £10m of funding toward the initiative, alongside other significant bids to private and public sector organisations.

Other major projects include roof and mechanical and electrical repairs to the Walker Art Gallery and environmental control systems at our Midland Railway Building (MRB). We also began work transforming our staff accommodation at MRB to improve and expand facilities, and to ensure we can respond to the planned new agile way of working for the organisation. Our Estates team continue to deliver a programme of maintenance and repair across our public and non-public buildings to improve access, conditions, and usability although our backlog continues, for which we need to secure further investment to realise.

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

During the pandemic our learning and participation teams adapted their way of working, finding new ways of engaging with schools and groups. They created six live workshops for Key Stages 1, 2 and 3, each of which are supported by resources and activities that can be used before and after the session, including art and crafts templates, fact sheets about key museum and activities to help with teamworking skills, boost imagination and promote positive wellbeing. The newly created Virtual Classroom offer proved to be hugely successful with 26 virtual workshops booked by schools with over 1,160 students participating.

Our Virtual Classrooms included Understanding Transatlantic Slavery, Ancient Egypt: Marvellous Mummification, The Amazing History of Liverpool, Titanic: Travelling in Time, Impressionism – What's That? and Ancient Greece: Gods and Heroes. Following the successful delivery of our initial Virtual Classrooms, our team has begun work planning more sessions covering an equally broad range of topics, which will become part of a future, blended offer for schools.

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

### **Annual Report for the year ended 31 March 2021**

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

In 2020, we're embarked on a new initiative to refresh our brand to help us reflect our newly defined mission, vision and aims. We wanted to reinforce our position to be that of not just an organisation with venues which audiences will visit but major visitor attractions that audiences want to keep visiting because of the extraordinary work that we continue to do – exploring the past, present and future. We also knew from feedback that we needed to show a clearer proposition to the business community, existing and potential funders as well as partners and collaborators.

Whilst it would have been very easy for us to pause the project as we got deeper into the pandemic, we decided to continue forward as it was a fundamental piece of work for the organisation, and key to unlocking and resolving so many things for us. We collaborated with colleagues across the organisation, through digital means, as well as external industry professionals, funders, and the public. We continued developing our new brand proposition throughout the last year, and we'll be revealing our brand publicly in the new financial year. It will underpin our efforts to return to the public domain even stronger, more united as an organisation, supported by a brand proposition that is authentic, powerful, bolder and braver than ever before.

Work continued to develop a refreshed digitisation strategy to help us to build on our efforts, making more of our collections accessible across our own and third-party platforms. During the last year, we increased the number of collections available online, through our newly redeveloped website, and our partnership with Google Arts & Cultural Institute. Our digital team, despite the pandemic and increased workload, delivered a breadth of planned initiatives for 2020/21 including supporting the development of new digital experiences / products such as the Enchanted Museum immersive experience, the transfer of externally hosted microsites into our new website platform, built and piloted a new museums audio quest experience, contributed to a pioneering block chain project in museum settings as well as increased editorial output online, helping to celebrate and promote our seven incredible museums and galleries, and their collections.

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

We have continued to work with many partners including University of Liverpool, Liverpool John Moores University, Liverpool Hope University, University of Leicester and Hume Bird College, meeting regularly to collaborate and scope new projects and opportunities for the future. During the year we worked closely with city partners again such as VisitLiverpool, Culture Liverpool, Liverpool ONE, Royal Albert Dock and St George's Quarter. Recent activity has included competitions, joint promotion of exhibitions and involvement in city-wide campaigns as the city remobilised following the pandemic.

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

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

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

### **Exhibitions**

The following exhibitions were held during the year:

#### **Linda McCartney Retrospective | Walker Art Gallery Aug 2020 - Dec 2020**

The Walker Art Gallery hosted this major retrospective of Linda McCartney's photography. From her iconic depictions of the music scene of the 1960s, to family life with Paul, Linda captured her whole world on film. The exhibition featured more than 250 extraordinary images that revealed what a prolific photographer Linda was, and how her love for the natural world, her surreal sense of humour, and an exceptional eye for capturing the spontaneous, gave her work an inimitable style.

#### **German Revolution: Expressionist Prints | Lady Lever Art Gallery October 20 to Feb 21**

This exhibition explored how the social, political, sexual and moral struggles taking place during the turbulent period of the German Revolution (1918-1919) moved artists to produce such powerful and dramatic imagery. Featuring work by some of the most influential artists of the 20th century, including Picasso, Kollwitz, Munch, Schiele and Beckmann, this monumental group of radical and diverse works looked at the very different responses artists had to the anarchy and violence of civil war.

All other exhibitions programmed had to be rescheduled to 2021/22 and beyond due to the pandemic, although work has continued to develop these programmes.

### **Awards & Recognition**

Although 2020/21 has been a very different year, our organisation has continued to be recognised for outstanding contributions, experiences and services right across our organisation.

#### **2020 Cultural Enterprises Award**

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

#### **2020 Museums & Heritage Awards**

- Shortlisted: Double Fantasy shop (Best Shop)

#### **2020 Family Friendly Museum at home award (Kids in Museums)**

- Shortlisted: My Home is my Museum (Best Social media activity)

#### **2020 Curious Minds: NW Cultural Education Awards**

- Runner-up: My Home is my Museum (Lockdown Innovation)

#### **2020 Liverpool City Region Tourism awards**

- Shortlisted: Merseyside Maritime Museum Café (Taste of Liverpool Café), Hosted by NML (Business Events Venue), Thetis Michael (Tourism Star), Rebecca O'Neill

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

(Tourism Young Person of the Year), Museum of Liverpool (Large Visitor Attraction)

2020 Society for Museum Archaeologists' Awards for Excellence

- Winner: Engagement Project or Event - Climate, Environment and Archaeology Twitter Conference

2020 CovidComms Awards

- Highly Commended: Best in House Team (Corporate Communications)

2021 LCR Culture & Creativity Awards

- Winner: Impact Award International (House of Memories, Singapore)

### **Plans for Future**

As the Director indicated in her Statement, it has been an extremely challenging and uncertain year, and still now, we have no real certainty when COVID-19 will no longer be present in our lives in the same way and continuing to impact upon our ability to fully operate without disruption. It will take businesses of all shapes and sizes and individuals many years to truly recover, and we are no different, although we remain optimistic that we can build back over time and continue to be one of the most inspiring, exciting, creative, and innovative museum groups in the UK, and beyond.

We took sensible steps to postpone and reschedule activity, review our staffing resource as well as carefully manage risk during the pandemic, and we're looking forward to resuming work toward transforming the organisation as planned. Our strategic objectives remain, and we will continue to develop, enhance, and amplify our service to ensure the organisation is healthy and fit for the future with a particular focus on sustainability (financial and environmental). We remain committed and ambitious to ensure we deliver greater social and economic impact, improving access, inclusion and diversity as well as protecting our collections and buildings for generations to come. Some of our key projects over the next twelve months are:

- Continue to strengthen and improve our core operations and infrastructure to ensure best practice, drive efficiency, productivity and increase income.
- Realise our Waterfront Masterplan, with the International Slavery Museum at the heart of this ambition, to unlock opportunities to improve our storytelling, representation, increase audience engagement and drive commercial opportunities.
- Continue to invest in research and development for new exciting and ambitious exhibitions and digital experiences including Greeks and Romans, Bees, Climate Change and The Enchanted Museum as well as implementing a new sustainable touring model to increase partnership working, richer engagement opportunities and generate further income.
- Deliver a capital works programme of significant repairs at Walker Art Gallery, Lady Lever Art Gallery, County Sessions House, Maritime Museum as well as environmental upgrades at Midland Railway Building.
- Develop individual venue master plans to identify and scope improvements and changes over the next decade to ensure better conditions for our collections, improve core infrastructure as well as offer an enhanced visitor experience and welcome.



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

### **Annual Report for the year ended 31 March 2021**

- Continue to improve and strengthen our collections management policies and procedures to reflect best practice and better support organisation wide developments.
- Publicise and build upon the House of Memories model to explore wider engagement, strategic partnerships and ensure that we maintain its high profile with the public, health providers, carers, stakeholders, and funders.
- Develop a long-term storage strategy for Maritime Museum and International Slavery Museum archives, using a review of collections to optimise those with the greatest public use, identifying items suited for long term deep storage, and transferring relevant collections to off-site deep storage facility.
- Develop and implement a new research strategy to strengthen and enhance our output as well as enable further national and international collaboration.
- Develop and implement a new digitisation strategy to improve our infrastructure, operations, and enhancing our ability to provide wider access to our collections.
- Implement our new fundraising strategy to strengthen and diversify our income streams to enable us to realise our ambitious, with particular emphasis on capital.
- Continue to augment and evolve our high-quality offer for young people and families, schools and adults particularly expanding our public programme of events and activities to appeal to new and more diverse audiences locally, nationally, and internationally.
- Continue our work improving inclusivity and representation of Black, Asian and Minority Ethnic people in all our activity, ensuring we use our influence as a national museum service to do more to drive anti-racism within our sector and wider society.
- Continue our work to radically reduce and improve our impact on the environment and becoming a more sustainable organisation for the long-term.
- Raise NML's profile with visitors, politicians, public sector providers, businesses, and strategic agencies by demonstrating our impact, value, and significance.

### **Fundraising Approach**

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

NML follows the Fundraising Regulator's Code of Fundraising Practice and all current UK and EU data protection law. We do not make unreasonably persistent approaches for donations or apply undue pressure to give to the organisation. We record contact we have had with individuals so that we can assess this before making further contact, thereby ensuring there is no intrusion on a person's privacy. If we have perceived that a person may be vulnerable, we do not approach them for any fundraising activities. We use a sensitive and common-sense approach to fundraising, treating our donors fairly and making sure they can make informed decisions about donations. There was no failure to comply with the Fundraising Regulator's Code of Fundraising Practice in 2020/21. In addition, neither NML, nor anyone acting on our behalf, has received any complaints regarding fundraising.

## Financial Review

### Overview

NML receives most of its revenue and capital funding from DCMS, in the form of Grant-in-Aid (GiA). In 2020/21 NML received revenue GiA funding of £21.4m (2019/20: £18.9m) in addition to capital GiA of £3.8m (2019/20: £3.5m). Capital GiA can vary considerably from year to year but the increase in Revenue GiA reflects the additional support provided in response to the financial impact of the COVID-19 pandemic.

COVID-19 had the effect of severely limiting our ability to open our venues to the public. In financial terms this reduced self-generated income more than costs, and this overall net loss was mainly covered by the increased Revenue GiA and other pandemic related actions taken by the UK Government from which we could benefit. The remainder was met from Board Reserves.

We anticipate that it will take at least three years to recover visitor numbers to pre-pandemic levels. Although local visitors may return more quickly, some of our venues rely more upon UK and international tourism and it is less clear when these visitors will return. We do not expect additional Revenue GiA funding beyond 2021/22 financial year and we have already acted to significantly reduce our costs. As our costs are mainly employee costs, this has meant that we have had to extensively restructure parts of the organisation in both front and back of house. There were 59 departures this year, as detailed in the Remuneration and Staff Report, which streamlined our operations in support of delivering a six-days a week public opening, reduced from seven days pre-pandemic.

However, we remain a largely public funded service organisation and therefore will be able to continue operating on behalf of the public. If enough self-generated income does not return as quickly as needed, then further reduction in costs and public service would have to be considered but not whether the organisation would continue to operate.

	2020/21	2019/20
	£000	£000
Income and endowments		
Grant in aid DCMS	21,381	20,391
Coronavirus Job Retention Scheme Grant	1,174	-
Donations and legacies	432	514
Charitable activities	643	1,091
Other trading activities	108	4,026
Investment income	31	87
Total	23,769	26,109
Expenditure		
Raising funds	542	603
Operating expenditure (excl depreciation)	20,598	22,361
Trading activities	2,982	4,157
Total	24,122	27,121
Net gains/ (losses) on investments	-	6
Net (expenditure)/income	(353)	(1,006)
Transfers between funds	(546)	(91)
Net movement in funds	(899)	(1,097)
Fund balances brought forward at 1 April	7,559	8,656
Balances carried forward at 31 March	6,660	7,559

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

### **Annual Report for the year ended 31 March 2021**

The consolidated revenue free funds are shown above. The loss for the year was £0.9m (2019/20: loss £1.1m) resulting in a total revenue free fund balance of £6.7m as of 31 March 2020 (2019/20: £7.6m). The loss for the year was in line with the planned response to sustaining the organisation through the COVID-19 pandemic and recover when the pandemic recedes.

In the SoFA, funds increased by £3.1m (2019/20: decrease £14.3m). Net expenditure, before revaluation of tangible fixed assets for the year, showed a loss of £4.2m (2019/20; loss £5.6m). The revaluation of land and buildings as of 31 March 2021 produced an unrealised gain of £7.3m (2019/20: loss £8.8m). These large movements in values of land & buildings reflects the unusual market conditions in the COVID-19 pandemic.

#### **Reserves Policy**

The consolidated free income revenue reserve available on 31 March 2021 was £6.7m (2019/20: £7.6m). This includes £42k (2019/20: £244k) which is held by the subsidiary trading company. The resulting NML free income revenue reserve is £6.6m (2019/20: 7.4m).

As part of the annual planning and budget setting process the Trustees review and approve the level of free reserves appropriate to the scale, complexity, and risk profile of NML. Adequate free reserves should be held to ensure NML can manage these uncertainties. The Trustees therefore are committed to holding free reserves of up to three months equivalent Revenue Grant-in-Aid (£4.8m). The current Financial Plan indicates that recovery from the impact of COVID-19 will take the reserves level down towards this level and possibly below. As noted above, significant reductions in employee numbers and a revised approach to public opening has already been implemented which will improve the financial position from 2021/22 onwards as costs are reduced and become more capable of being sustained at expected income levels.

NML has long had a degree of inherent funding uncertainty as 13% (2019/20 24%) of our income is from a range of income streams which are less predictable and more volatile than GiA. This has been demonstrated by the impact of COVID-19 which caused the reduction to 13%. As part of delivering our Strategic Plan and recovering from the impact of the pandemic, regrowing self-generated income as visitors return is a key objective. The timing and size of this growth is an important uncertainty in our financial planning.

In addition to the loss of the income, any reduction in GiA funding would increase our exposure to this volatility. Therefore, any potential for future reductions is a significant risk. A UK Government Spending Review is expected in 2021 and this may impact upon GiA funding. This is another key uncertainty in our financial planning.

There are also financial risks associated with capital projects and unforeseen liabilities. We are planning investment in a range of major projects to improve the public offer, service delivery efficiency and our ability to self-generate income.

#### **Capital Programme**

Our main projects this year have been at the Walker Art Gallery where a major part of the roof is being replaced and the galleries underneath refurbished. At the World Museum, projects investing in the World Cultures Gallery, Planetarium and Aquarium have progressed despite difficulties created by the COVID-19 pandemic. Investment in a new Wondrous Place Gallery at Museum of Liverpool has commenced but more significantly for future years, major projects have been initiated to develop a new strategy for the whole Estate and invest in the International Slavery Museum and Waterfront. These are still at an early stage and future progress is contingent upon securing the funds for what would be a substantial investment.

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

### **Annual Report for the year ended 31 March 2021**

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

In compliance with the Charities SORP (FRS102), NML appointed Deloitte LLP to carry out a desktop “red book” valuation of its land and buildings, as of 31 March 2021. This led to the revaluation of land and building assets shown in the accounts.

#### **Trading Subsidiary**

NML wholly owns a subsidiary trading company, NML Trading Limited (NMLT), which provides a range of catering, retail, conferencing, and general commercial services. The company accounts are consolidated within the Statement of Financial Activities and Balance Sheet of NML, adjusted for group transactions. A summary of the results and net assets of NMLT is shown at note 9. In 2020/21 NMLT made an operating loss of £0.2m (2019/20: profit £0.2m). There was no profit donation to the parent (2019/20 £10k).

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

NML is aware of the importance of paying suppliers promptly and takes every step to ensure that payments to creditors are made as quickly as possible. In 2020/21 79% (2019/20 79%) of NML’s creditors were paid within 30 days of receipt of the invoice. NML is committed to the full implementation of the Better Payment Practice Code. There were no liabilities incurred of statutory interest under the Late Payments of Commercial Debts (Interest) Act 1998 during the year.

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

On the 17 March 2020 we closed all our museums and galleries to the public in response to the threat to public safety arising from the COVID-19 pandemic. This had an immediate and serious impact upon our ability to generate income which endured throughout the year 2020/21. During the year we experienced periods of limited opening to the public interspersed with renewed closures. Although visitors have returned, these are in much reduced numbers and therefore our ability to generate income continues to be compromised and uncertainty remains about when we will return to pre-COVID-19 levels of visitation and income.

Our principal funder DCMS provided additional grant support of £1.9m in 2020/21 which when combined with other action ensured that we remained a going concern and were able to reopen even though the costs of reopening exceed the income gained. The financial impact of the pandemic continues to be severe, and we continue to develop our management response to alleviate and over time escape that impact. DCMS has offered further additional grant support in 2021/22 of £1.7m, subject to continued demonstration of need.

In 2020/21, 87% of the NML Group gross income derived from Grant-in-Aid from DCMS (2019/20: 76%). The remaining operating expenditure was financed from self-generated income which tends to be more volatile in nature compared to Grant-in-Aid. NML is therefore exposed to some liquidity risk as the COVID-19 pandemic has demonstrated.

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

DCMS commissioned a survey of the NML estate which was undertaken by Faithful and Gould in 2015/16 and updated in 2016/17. This identified a £24m backlog of repairs that are required to address both the legacy of past under-investment and low-quality repairs that were undertaken in the 1980s and 1990s and which continue to have an impact; as well as the normal wear and tear on service infrastructures and building fabrics. We are now developing and starting to implement an Estates Strategy which aims to rationalise our holdings and use of the whole

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

### **Annual Report for the year ended 31 March 2021**

estate, which if it secures sufficient funding from the UK Government will in part address this past under-investment. During 2020/21 £2.3m additional capital funding was provided by DCMS to begin addressing this backlog (2019/20: £2.0m). In the absence of the full sum being available to address these issues a risk-based approach will continue to be undertaken to help prioritise the works programme in any one year to maintain operations across all sites and venues and meet statutory obligations to ensure public safety and security of the collections.

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

There are no material uncertainties within the annual report and accounts.

#### **Donations made**

No charitable donations or political donations were paid.

#### **Investments**

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

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

#### **Audit**

Under statute the Comptroller and Auditor General is the principal auditor of the Museum's consolidated account for the year 2020/21. The audit fee in respect of this work was £74k (2019/20 £85k). There was a £22k one-off increase in the 2019/20 fee due to COVID-19 which has been included as 2020-21 expenditure. BW Macfarlane and Co are the auditors of NML's trading company account and the audit fee in respect of this work was £8k plus £9k to produce the financial statements (2019/20: £8k and £9k respectively). This production of the trading company financial statements was the only non-audit service provided by either of these auditors.

## **Sustainability Report**

### **Introduction**

Our focus in 2020/21 was to plan projects across the estate that will reduce the energy consumption and improve the fitness for purpose of the buildings. Surveys of our buildings and equipment have already been carried out to this end and we will prioritise energy saving works in 2021/22 such as large-scale replacement of light fittings.

We are currently working on major upgrades to two of our most energy demanding buildings – the Walker Art Gallery, which contains much of our collection of paintings, including the fragile renaissance painting, and the Midland Railway Building (MRB), which contains our conservation studios. We will be replacing obsolete environmental control systems with energy efficient equipment and a new Building Management System at the MRB. During 2020/21 it was possible to undertake some of the works identified as beneficial to saving energy but the volatility on venue openings made it difficult to sustain the planned programme. In 2021/22 we will resume planned energy efficiency works and progress with the M&E projects at MRB (Conservation studios) and Walker Art Gallery (Painting

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

Collection). These major upgrades for buildings are expected to result in significant drops in energy consumption once completed. The projects include replacement of obsolete control systems with energy efficient equipment and a new building management system for MRB. NML will continue to pay reference to results from building surveys and the comparative study carried out by Dr. Stephen Finnegan, lecturer in sustainable architecture at University of Liverpool, to inform its decisions about facilities within its properties.

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

**Energy consumption and CO2 emissions**

Area		2017/18	2018/19	2019/20	2020/21
<b>Greenhouse Gas Emissions</b> (t CO <sub>2e</sub> )	Scope 1 – Gas	2,246	2,924	3,178	2,450
	Scope 2 – Electric	3,832	3,979	2,576	2,049
	Scope 3 - Travel	12	39	40	4
<b>Estate energy</b>	Electricity consumption kWh	10,053,210	10,476,410	10,175,572	8,855,085
	Expenditure	£1,031,773	£1,206,036	£1,309,553	£1,201,496
	Gas consumption kWh	17,285,109	15,895,448	14,285,972	13,348,644
	Expenditure	£360,446	£364,199	£356,641	£297,309
<b>Estate Waste</b>	Total Amount –tonnes	193.4	175.3	155.2	1.0
	Total Expenditure	£ 45,268	£48,153	£39,556	£17,722
	ICT Waste (at zero cost) – tonnes)	0.0	0.0	0.0	0.0
	Waste incinerated with energy recovery - tonnes	107.1	100.8	122.9	0.2
	Waste to Landfill – tonnes	0.0	0.0	0.0	0.0
	Waste Recycled – tonnes	86.3	74.5	32.3	0.8
<b>Estate Water</b>	Consumption	23,056 m <sup>3</sup>	24,179 m <sup>3</sup>	19,567 m <sup>3</sup>	13,075 m <sup>3</sup>
	Expenditure	£40,744	£125,734	£103,857	£145,052

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

Overall National Museums Liverpool Energy Consumption as measured in KWH reduced both for electricity and gas during 2020/21 compared to prior year. This was mainly a consequence of the COVID-19 restrictions that were enforced from March 2020 and applied to varying degrees all year. This resulted in all the work force that could do so working from home. In addition, our venues were closed for significant periods during the timescales which reduce the energy of usage of each building.

Projects were undertaken to replace equipment for some of our buildings. This included replacement of boilers which were at the end of the life cycle, which has increased some savings at one of the organisation's collection stores.

In addition, we completed several Energy Audits for some of the biggest and most energy hungry buildings. These informed proposed energy saving projects formed part of an application to Salix Finance Decarbonisation Funding. Although we did not secure funding, we are going to use these energy audits to develop and implement a sustainability strategy and works programme for the next three years. Some of the projects have already started which includes installing AHU inverters, replacing lights with LED, and installing sub metering. NML is also working on improving our management of their energy consumption so that we can identify energy wastage and therefore reduce our consumption.

Consumption data and related energy costs have been quantified by the energy service management Team, which assists NML's estates department in this area. The water consumption figures have been based on charging information from the supply organisation which may include estimates where actual reads could not be obtained. Consumption has been represented as accurately as possible.

Official domestic business travel shows a significant decrease since the previous year due to the business activities of museum staff being limited by operating restrictions and during periods of lockdown. The £9k expenditure which was incurred mainly comprised mileage and parking. NML's travel guidelines continue to promote conscientious choices when travelling - although during 20/21 essential travel options were influenced by the lockdown rules and in July 2020 NML signed up to the Cycle to Work scheme. The latter is expected to become more popular in future periods.

### **Waste minimisation and management**

NML has continued in contract with Veolia for its main waste management services during 2020/21. Veolia are committed to zero waste to landfill. For chemical waste services Avanti Environmental have been used: once again NML has chosen a responsible contractor which promotes recycling and repurposing of materials where appropriate. NML actively segregates waste at a venue-based level into general waste and recyclable waste. Once waste is removed from the buildings, the waste service provider further segregates the waste to divert as much of it as possible from landfill. NML continues to align with TEEP legislation which states that individual waste stream collections should be provided if it is 'Technically, Environmentally, Economically, and Practically' beneficial.

### **Sustainable procurement and construction**

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

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

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

**Remuneration and Staff Report**

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

AUDITED	Salary Including Performance pay 2020/21 <sup>1</sup>	Salary Including Performance pay 2019/20	Pension Benefits <sup>2</sup>	Pension Benefits <sup>2</sup>	Total	Total
	£'000	£'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Laura Pye Director & Accounting Officer	105-110	105-110	40-45	40-45	150-155	150-155
Sandra Penketh Executive Director of Art Galleries & Collections Care	60-65	60-65	20-25	70-75	85-90	135-40
David Watson, Executive Director of Audiences & Media	70-75	50-55 (70-75) <sup>3</sup>	25-30	20-25	95-100	70-75
Stephanie Donaldson, Executive Director of Business Resources <sup>5</sup>	70-75 (75-80) <sup>3</sup>	-	25-30	-	95-100	-
Anthony Park, Interim Executive Director of Business Resources <sup>5</sup>	5-10 (75-80) <sup>3</sup>	5-10 (75-80) <sup>3</sup>	0-5	0-5	5-10	5-10
Janet Dugdale, Executive Director of Museums & Participation	60-65	60-65	20-25	50-55	85-90	115-120

Notes

<sup>1</sup> No bonus was paid in 2020/21.

<sup>2</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation, or any increase or decreases due to a transfer of pension rights.

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

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

<sup>5</sup> Stephanie Donaldson joined 18 May 2020. Anthony Park was in post between 2 March 2020 and 31 May 2020

The Directorships during the year were:

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

The membership of the Remuneration Committee for the year ending 31 March 2021 comprised:

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



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

### **Annual Report for the year ended 31 March 2021**

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

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

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

In addition to the negotiated salary, the Director can benefit from a performance related annual pay award of £5000 which would be consolidated and pensionable if awarded. The performance of the Director is assessed annually by the Trustees to determine the pay award. The reporting period for this performance review is 1 April to 31 March.

The Chair and Board of Trustees neither received nor waived any remuneration or other benefits for their services during the year (2019/20: nil). The emoluments of the NML Directorships are shown in the table above, which has been audited. There were no benefits in kind received by the Directors. Further details on staff costs can be found in Note 5 of the financial statements.

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

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

The Leadership Team consists of the Executive Directorships including the Executive Director of Commercial Enterprise & Visitor Experience employed by NMLT. The annual appraisals of the Leadership Team are countersigned by the Remuneration Committee.

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

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

#### **Salary**

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. There are no off-payroll engagements.

In 2020/21, no employees received remuneration more than the highest-paid director. Remuneration ranged from £18,328 to £107,500 (2019/20, £17,942 - £107,500).

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

### **Annual Report for the year ended 31 March 2021**

#### **Median Reporting**

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

The annual equivalent remuneration of the highest paid NML director in 2020/21 was £105-110k (2019/20: £105-110k). This was 5.35 times (2019/20: 5.18) the median remuneration of the workforce, which was £21,781 (2019/20: £21,525).

In 2020/21, no employees received remuneration more than the highest-paid director. Remuneration ranged from £18,328 to £107,500 (2019/20, £17,942 - £107,500).

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

#### **Pension**

Pension benefits are provided through a range of Civil Service pension arrangements. The Civil Servants and Others Pension Scheme (CSOPS) or **alpha** provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). Most newly appointed employees and the majority of those already in service have joined **alpha**. Some longer serving employees remain members of older schemes within in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium, or classic plus) with a normal pension age of 60 and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Employee contributions are salary-related and range between 4.6% and 7.35% of pensionable earnings for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2020/21, employers' contributions of £2,751k were payable to the CSOPS/PCSPS (2019/20: £2,634k) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (the rates in 2019/20 were the same). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. The employer makes a basic contribution of between 12% and 17.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers, for 2020/21 employers' contributions of £14k were paid (2019/20: £14k). The employee does not have to contribute, but where they do make contributions, employee contributions are age-related and range from 3% to 6% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

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

	Accrued pension at normal retirement age as at 31/03/21 and related lump sum £'000	Real increase in pension and related lump sum at normal retirement age £'000	CETV at 31/03/21 £'000	CETV <sup>1</sup> at 31/03/20 £'000	Real Increase in CETV £'000
Laura Pye Director	5-10	2.5-5	62	37	15
Sandra Penketh, Executive Director of Art Galleries and Collections Care	25-30 plus a lump sum of 55-60	0-2.5 plus a lump sum of 0	509	477	12
David Watson, Executive Director of Audiences & Media	0-5	0-2.5	25	10	9
Stephanie Donaldson, Executive Director of Business Resources	5-10	0-2.5	64	44	13
Anthony Park, Interim Executive Director of Business Resources	0-5	0-2.5	1	1	-
Janet Dugdale, Executive Director of Museums & Participation	25-30 plus a lump sum of 55-60	0-2.5 plus a lump sum of 0	536	504	13

*Note: <sup>1</sup>The CETV figure may be different from the closing figure in last year's account. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.*

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus**, 65 for members of **nuvos**, and the highest of 65 or State Pension Age for members of **alpha**. The pension figures quoted show pension earned in PCSPS or **alpha** – as appropriate. Where the employee has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.

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

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

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

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

**Cash Equivalent Transfer Values**

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

**Real increase in CETV**

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start, and end, of the period.

**Redundancy and other departures**

The audited table below represents actual exits in year and the respective cost of those exits. The significant increase in departures this year is connected to the financial impact of COVID-19 as explained in the Financial Review (see Page 21).

1	Exit package cost band	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band	
		2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
2	< £10,000	nil	nil	nil	13	nil	13
3	£10,000-£25,000	nil	nil	nil	27	nil	27
4	£25,000-£50,000	nil	nil	1	18	1	18
5	£50,000-£100,000	nil	nil	1	1	1	1
6	Total number of exit packages	nil	nil	2	59	2	59
7	Total resource cost / £000s	nil	nil	117	1,210	117	1,210

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

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

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

Senior staff are established employees of National Museums Liverpool.

The notice periods for staff who wish to resign are:

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

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

**Other Staffing Information**

The Annual Salary Band and average number of Full-time equivalent employees analysed by directorate notes below are audited.

The analysis of Staff Members with annual salaries over £60,000 is as follows: -

<b>Annual Salary Band</b>	<b>2020/21 Number of FTE</b>	<b>2019/20 Number of FTE</b>
£60,001-£70,000	2	2
£70,001-£80,000	3	2
£80,001-£90,000	1	1
£90,001-£100,000	-	-
£100,001-£110,000	1	1
£110,001-£120,000	-	-
£120,001-£130,000	-	-

The organisation has continued to evolve over the last year, with the pace and nature of change being influenced by our response to the impact of the COVID-19 pandemic. A change in opening hours has led to a reduction in front of house roles with a small offsetting increase back of house roles.

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

<b>Employee Configuration as of 31 March, 2021</b>		<b>Employee Configuration as of 31 March, 2020</b>	
Art Galleries & Collection Care	44	Art Galleries & Collection Care	33
Audiences & Media	54	Audiences & Media	51
Business Resources	69	Business Resources	67
Directors Office (inc. HoM)	6	Directors Office	4
Museums & Participation	96	Museums & Participation	102
Visitor Experience	138	Visitor Experience	148
NML Trading Ltd	84	NML Trading Ltd	103
	<u>491</u>		<u>508</u>

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

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

Employee Configuration as of 31 March, 2021		Employee Configuration as of 31 March, 2020	
Staff on permanent contract	458	Staff on permanent contract	475
Staff on fixed term contracts	<u>33</u>	Staff on fixed term contracts	<u>33</u>
Total	<u>491</u>	Total	<u>508</u>

NML does not have data available to analyse over the organisation’s “Charitable Activities” as required by the SORP. The average number of “Full-Time Equivalents” capitalised is 4.0 (2.0 in 2019/20).

A further unaudited analysis of the composition of ‘Full-Time Equivalent’ employees as of 31<sup>st</sup> March 2021 is as follows:

	2020/21			2019/20		
	Female	Male	Total	Female	Male	Total
NML Directors	4	1	5	3	2	5
Employees	290	196	486	301	202	503
Senior Civil Servants	-	-	-	-	-	-
Total	294	197	491	304	204	508

The Trustees neither received nor waived any remuneration or other benefits during the year. Payments to reimburse Trustees’ travel and subsistence costs associated with the attendance of meetings amounted to zero (2019/20: £4,464). No Trustees were reimbursed in 2020/21 (two in 2019/20). Travel and subsistence costs waived by Trustees were not material. (Audited)

The average number of days lost per employee due to sickness, was 4.6 days (2.3 days excluding long term sickness) for 2020/21 (6.4 days (2.8 days excluding long term sickness) for 2019/20). (Unaudited)

**Trade Union Facility Time (audited)**

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

**Table 1: Relevant union officials**

Number of employees who were relevant union officials during the relevant period	11	Full-time equivalent employee number	11
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**Table 2: Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1-50%	11
51%-99%	-
100%	-

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

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

	Amount
Total cost of facility time	£7k
Total pay bill	£14,251k
Percentage of the total pay bill spent on facility time, calculated as:	0.05%

**Table 4: Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 100%

*(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*



**Laura Pye**  
**Director and Accounting Officer**  
**Date: 8 February 2022**

## KEY PERFORMANCE INDICATORS

NML has stated below performance against both key and other indicators. No targets were set by DCMS for 2020/21.

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

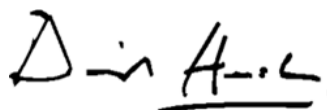
The reduction in performance compared to last year reflects the impact of COVID-19. The number of website visits was impact similarly as the website is often used by visitors to plan their visit, but this measure was also impacted by changes in national policy on cookie control which resulted in new limitations on our ability to count visits. The actual number of visits will have been substantially higher than we report below but we can no longer collect complete data on website visits.

Trading income as shown in OPI (8) is calculated on a different basis to that shown in the Statement on page 45.

Performance Indicator	2020/21 Out-turn	2019/20 Out-turn
<b>Core Targets</b>		
<b>KPI (1)</b> Total number of visits	221,012	3,099,157
<b>KPI (2)</b> Charitable giving - fundraising including donated assets;	£1,025,000	£1,319,000
Donated Assets included above:	£77,000	£261,000
<b>OPI (1)</b> Number of unique website visits	1,253,295	2,372,222
<b>OPI (2)</b> Number of visits by children under 16	54,148	622,930
<b>OPI (3)</b> Number of overseas visits	1,989	644,625
<b>OPI (4)</b> Number of facilitated & self-directed visits to the museum/gallery by visitors under 18 in formal education	752	119,112
<b>OPI (5)</b> Number of instances of visitors under 18 participating in on-site organised activities	1,484	155,854
<b>OPI (6)</b> Percentage (%) of visitors who would recommend a visit	98%	97%
<b>OPI (7)</b> Admissions income (gross income)	£112,000	£640,000
<b>OPI (8)</b> Trading income (net income)	£150,000	£503,000
<b>OPI (9)</b> Number of UK loan venues	64	114



Laura Pye  
 Director and Accounting Officer  
 Date: 8 February 2022



Sir David Henshaw  
 Chairman of Trustees  
 Date: 8 February 2022



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

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

In preparing the accounts the Trustees are required to:

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

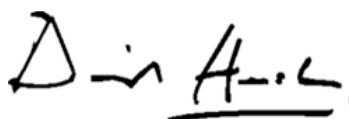
The Accounting Officer for the Department for Digital, Culture, Media and Sport has designated the Director of the National Museums Liverpool as the Accounting Officer. Their relevant responsibilities as Accounting Officer, including their responsibility for the propriety and regularity of the public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

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

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



Laura Pye  
Director and Accounting Officer  
Date: 8 February 2022



Sir David Henshaw  
Chairman of Trustees  
Date: 8 February 2022

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

## **Governance Statement**

### **Governance Framework**

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

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

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

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

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

### **The Board of Trustees**

During the year the Trustees have approved the Strategic Plan, the Annual Report and Accounts for 2020/21 and the Annual Budget.

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

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

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

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

### **Annual Report for the year ended 31 March 2021**

the reputation of NML as designated within the Schedule of Matters Reserved to Trustees. To carry out some of its responsibilities, the Board delegates to three committees.

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

The Audit & Risk Committee met four times during the year to fulfil its remit as defined in its Terms of Reference and oversee NML's control environment. This included regular review of NML's strategic and intermediate risk register and consideration of the Risk Management Strategy (2021 – 24) and Risk Management Policy and Procedures. The Committee also considered the work of the internal and external auditors, including follow-up of internal audit recommendations and overseeing the appointment of new Internal Auditors from 2021/22. The Committee received regular updates on NML's work towards full compliance with Government Functional Standard GovS 013: Counter Fraud, Bribery & Corruption and considered NML's Fraud Risk Register. The Committee also considered the effectiveness of NML's information security arrangements, the Head of Internal Audit's Annual Report, and the Annual Report and Accounts, including NAO's audit planning process and Audit Completion Report. The Trustees on the Audit Committee meet with the External and Internal Auditors without the presence of management, to enable frank discussions on any issues to take place prior to and aside from formal meeting proceedings.

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

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

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

The 'Corporate governance in central government departments: Code of good practice 2017' was developed specifically to support corporate governance in ministerial departments. NML has adopted the practices set out in this code where applicable. In line with the code of good practice, the Board supports the Director in leading NML through strategic direction, monitoring activity, achievement of objectives, and ensuring good governance is in place. The work of the Board is well supported by strong management at Committee level. Board of Trustee minutes are available on NML's website.

#### **Quality of information presented to the Board**

A standard reporting format is used, and feedback is considered regarding on-going changes to requirements. Financial reporting is scrutinised by the Finance & Resources Committee prior to submission to the Board. Risk and Audit information is reviewed in detail by the Audit & Risk Committee before reporting to the Board.

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

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

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

Name	Board (4)	Audit & Risk (4)	Finance & Resources (4)	Remuneration (3)
<b>Trustees</b>				
Sir David Henshaw*	100%			100%
Heather Blyth*	100%			
Isabel Chadwick*	100%		100%	
Jim Chapman*	75%	50%	100%	
Sarah Dean*	100%	100%	100%	100%
Paul Eccleson*	100%	100%		100%
David Fleming*	100%	100%		
Heather Lauder*	75%	100%		
Rita McLean*	100%			
Philip Price	100%		100%	
Ian Rosenblatt*	25%			
Virginia Tandy*	100%			
Max Steinberg*	75%			
Tony Wilson*	75%			
<b>Associate Trustees</b>				
Michelle Charters*	100%			
Andy McCluskey*	100%	75%		

Note: Andy McCluskey completed his final term as a DCMS appointed Trustee on 8 June 2020 and then became an Associate Trustee from 9 June 2020

**Control Environment**

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

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

During the year NML completed a comprehensive review and update of its Confidential Reporting (Whistleblowing) arrangements and Confidential Reporting (Whistleblowing) Policy which was approved by the Board of Trustees on 18 March 2021. It commits the organisation to:

- Investigate all concerns which fall within the scope of the Policy;
- Respond quickly when concerns are raised;
- Inform persons bringing concerns forward of the outcome of any investigation subject to legal constraints;
- Address all concerns in confidence and make every effort not to reveal the identity of the Whistleblower without consent, unless required by law;
- Apply zero tolerance to harassment of employees or any other person who brings forward a concern;
- Be committed to ensure that employees are not discriminated against or suffer detriment as a result of raising a concern; and

## **National Museums & Galleries on Merseyside Annual Report for the year ended 31 March 2021**

- Take appropriate action in the event of any individual suffering detriment as a direct result of raising a concern.

Although NML did not receive any concerns raised under the Policy during the year, these procedures have been exercised in the previous years and resulted in action being taken.

No data losses occurred during the year.

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

Each year the Internal Audit Plan for the upcoming financial year is approved by the Audit & Risk Committee. The Internal Audit Plan for the coming year will review internal controls in key areas, determined through a risk-based assessment undertaken by our Internal Auditors and in consultation with the Leadership Team and the Audit & Risk Committee. The findings of the assurance reviews undertaken during the review will provide an assessment on the adequacy and effectiveness of the control environment and where appropriate identify areas for improvement.

### **Governance of Trading Subsidiary**

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

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

The Board believes that it is effective and is obtained external assurance via a comprehensive review of the Governance Framework and a review of the effectiveness of the Board by Mazars, which completed in 2019/20 and led to a plan for further improvement. Formal appraisals of the Chair and Trustees are undertaken, with the Chair's appraisal being conducted by a Lead Non-Executive, in consultation with Trustees and the Director.

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

### **Internal Audit**

NML's internal audit function for 2020/21 was outsourced to Mazars who were appointed in April 2017 on a three-year contract with an option to extend for two further years. This contract was extended for one year but during 2020/21 a new procurement was completed and new Internal Auditors were appointed with effect from 1 April 2021 (Government Internal Audit Agency).

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

During the year internal audit reviews have been carried out in the following areas, according to the internal audit plan: Key Controls Health Checks, Museum Re-opening Plans, Emergency Planning, Risk Management and Procurement & Contracts.

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

### **Annual Report for the year ended 31 March 2021**

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

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

Certain weaknesses and exceptions were highlighted by our audit work and five fundamental findings have been raised. Two audits have provided a Limited Assurance rating (Risk Embedding Project and Non-Competitive Procurement); however, these areas were highlighted to internal audit for review as they were areas of concern for management. The average recommendation implementation rate for the year was 41% which requires significant improvement. These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

#### **Risk Management**

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

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

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

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

On the 17 March 2020 we closed all our museums and galleries to the public in response to the threat to public safety arising from the COVID-19 pandemic. This had an immediate and serious impact upon our ability to generate income which endured throughout the year 2020/21. During the year we experienced periods of limited opening to the public interspersed with renewed closures. Although visitors have returned, these are in much reduced numbers and therefore our ability to generate income continues to be compromised and uncertainty remains about when we will return to pre-COVID-19 levels of visitation and income.

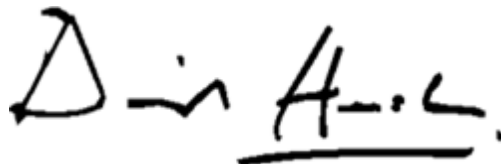
Our principal funder DCMS provided additional grant support of £1.9m in 2020/21 which when combined with other action ensured that we remained a going concern and were able to reopen even though the costs of reopening exceed the income gained. The financial impact of the pandemic continues to be severe, and we continue to develop our management response to alleviate and over time escape that impact. DCMS has offered further additional grant support in 2021/22 of £1.7m, subject to continued demonstration of need.

**National Museums & Galleries on Merseyside**  
**Annual Report for the year ended 31 March 2021**

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



Laura Pye  
Director & Accounting Officer  
Date: 8 February 2022



Sir David Henshaw  
Chairman of Trustees  
Date: 8 February 2022

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

## **Opinion on financial statements**

I certify that I have audited the financial statements of the National Museums and Galleries on Merseyside for the year ended 31 March 2021 under the Merseyside Museums and Galleries Order 1986. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Museums and Galleries on Merseyside's affairs as at 31 March 2021 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Merseyside Museums and Galleries Order 1986 and Secretary of State directions issued thereunder.

## **Opinion on regularity**

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

## **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Museums and Galleries on Merseyside in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the National Museums and Galleries on Merseyside's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museums and Galleries on Merseyside'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.



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

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

## **Other Information**

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

I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Merseyside Museums and Galleries Order 1986; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

In the light of the knowledge and understanding of the National Museums and Galleries on Merseyside and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual report.

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

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

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

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

- the preparation of the financial statements 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 financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Group and the National Museums and Galleries on Merseyside'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

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

either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

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 National Museums and Galleries on Merseyside's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museums and Galleries on Merseyside'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 National Museums and Galleries on Merseyside and Group's controls relating to Merseyside Museums and Galleries Order 1986, Managing Public Money, and the Charities Act 2011.
- discussing among the engagement team including the significant component auditors and involving relevant internal and external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, bias in management estimates, posting of unusual journals and the application of the Coronavirus Job Retention Scheme.
- obtaining an understanding of the National Museums and Galleries on Merseyside and Group's framework of authority as well as other legal and regulatory frameworks that the National Museums and Galleries on Merseyside and Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the National Museums and Galleries on Merseyside and Group. The key laws and regulations I considered in this context included the Merseyside Museums and Galleries Order 1986, 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, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;

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

- 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 and legacies, charitable and trading income in line with the accounting framework and undertaking procedures to test the completeness of these income streams; and
- in addressing the risk of fraud in the Coronavirus Job Retention Scheme undertaking procedures to test that claims to HM Revenue and Customs were in line with the scheme rules and procedures to test whether employees were working whilst claiming under the scheme.

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

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

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

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

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 10 February 2022**

**Comptroller and Auditor General**

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

**National Museums & Galleries on Merseyside**  
**Consolidated Statement of Financial Activities**  
**As of 31 March 2021**

	Notes	2020/21				2019/20 Restated			
		Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
<b>Income and endowments</b>									
Donations, grants and legacies	2,2a,6a	23,920	4,142	-	28,062	22,239	1,736	-	23,975
Charitable activities	7a	643	-	-	643	1,091	-	-	1,091
Trading activities	9	108	-	-	108	4,026	-	-	4,026
Investments	7b	31	31	70	132	87	35	90	212
<b>Total</b>		<b>24,702</b>	<b>4,173</b>	<b>70</b>	<b>28,945</b>	<b>27,443</b>	<b>1,771</b>	<b>90</b>	<b>29,304</b>
<b>Expenditure</b>									
Raising funds		594	122	18	734	658	120	18	796
Charitable activities		22,408	7,485	-	29,893	24,111	5,089	-	29,200
Trading Activities		3,043	255	-	3,298	4,158	3	-	4,161
Governance		362	57	-	419	308	49	-	357
<b>Total</b>	4	<b>26,407</b>	<b>7,919</b>	<b>18</b>	<b>34,344</b>	<b>29,235</b>	<b>5,261</b>	<b>18</b>	<b>34,514</b>
Net gains/(losses) on investments	8	358	284	545	1,187	(57)	(83)	(290)	(430)
Net income/(expenditure)	3	(1,347)	(3,462)	597	(4,212)	(1,849)	(3,573)	(218)	(5,640)
Transfers between funds		(546)	598	(52)	-	(91)	163	(72)	-
Gains/(Losses) on revaluation of fixed assets	6	-	7,276	-	7,276	-	(8,742)	-	(8,742)
Net movement in funds		(1,893)	4,412	545	3,064	(1,940)	(12,152)	(290)	(14,382)
Brought forward at 1 April		20,327	239,540	2,637	262,504	22,267	251,692	2,927	276,886
Carried forward at 31 March	14	18,434	243,952	3,182	265,568	20,327	239,540	2,637	262,504

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

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

The notes on pages 51 to 71 form part of these accounts.

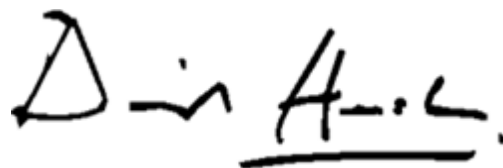
**National Museums & Galleries on Merseyside**  
**Consolidated Balance Sheet**  
**As of 31 March 2021**

	Notes	2021			2020 Restated		
		£000	£000	£000	£000	£000	£000
Fixed assets							
Tangible assets	6		229,197			225,336	
Heritage assets	6a		21,042			20,880	
Intangible assets	6		97	250,336		94	246,310
Current assets:							
Stock - goods for re-sale			202			277	
Investments	8		6,007			4,869	
Debtors	10		1,711			1,406	
Cash at bank and in hand			11,628	19,548		12,669	19,221
Creditors: amounts falling due within one year	11		(3,602)			(2,308)	
Net current assets				15,946			16,913
Total assets less current liabilities				266,282			263,223
Creditors: due after more than one year	11		(207)			(245)	
Provisions	12		(507)	(714)		(474)	(719)
Total net assets				265,568			262,504
Represented by:							
Restricted funds	14			243,952			239,540
Unrestricted funds	14			18,434			20,327
Endowment Funds	14			3,182			2,637
Total funds				265,568			262,504

The notes on pages 51 to 71 form part of these accounts.



Laura Pye  
 Director and Accounting Officer  
 Date: 8 February 2022



Sir David Henshaw  
 Chairman of Trustees  
 Date: 8 February 2022

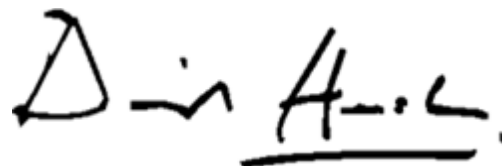
**National Museums & Galleries on Merseyside**  
**Museum Balance Sheet**  
**As of 31 March 2021**

	Notes	2021			2020 Restated		
		£000	£000	£000	£000	£000	£000
Fixed assets							
Tangible assets	6		229,030		225,108		
Heritage assets	6a		21,042		20,880		
Intangible assets	6		97		94		
Investment in NML Trading Limited	9		610	250,779	610	246,692	
Current assets:							
Investments	8	6,007			4,869		
Debtors	10	2,081			1,354		
Cash at bank and in hand		10,676	18,764		11,813	18,036	
Creditors: amounts falling due within one year	11		(3,303)			(1,749)	
Net current assets				15,461			16,287
Total assets less current liabilities				266,240			262,979
Creditors: due after more than one year	11		(207)			(245)	
Provisions	12		(507)	(714)		(474)	(719)
Total net assets				265,526			262,260
Represented by:							
Restricted funds	19		243,952			239,540	
Unrestricted funds	19		18,392			20,083	
Endowment Funds	19		3,182			2,637	
Total funds				265,526			262,260

The notes on pages 51 to 71 form part of these accounts.



Laura Pye  
 Director and Accounting Officer  
 Date: 8 February 2022



Sir David Henshaw  
 Chairman of Trustees  
 Date: 8 February 2022

**National Museums & Galleries on Merseyside**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 March 2021**

	Notes	2020/21		2019/20	
		£000	£000	£000	£000
Cash generated by operating activities			1,799		261
Cash flows from investing activities					
Interest and dividends received	7b	132		212	
Purchase of investments	8	(138)		(652)	
Sale of investments	8	187		348	
Purchase of tangible, intangible and heritage assets	6 & 6a	(3,021)	(2,840)	(1,973)	(2,065)
Increase/(decrease) in cash in year			(1,041)		(1,804)

The notes on pages 51 to 71 form part of these accounts.

*Notes to the Consolidated Cash Flow Statement*

Reconciliation of changes in resources to net cash inflow from operating activities					
Net outgoing resources			(4,212)		(5,640)
Depreciation ( <i>less disposals</i> )	6	6,348		6,408	
Gifts	6a	(77)		(261)	
Interest received	7b	(132)		(212)	
Net losses/(gains) on investments	8	(1,187)		430	
(Increase)/decrease in stock		75		24	
(Increase)/decrease in debtors	10	(305)		178	
(Decrease)/increase in creditors	11	1,256		(745)	
(Decrease)/increase in provisions	12	33	6,011	79	5,901
Net cash inflow from operating activities			1,799		261
Analysis of cash flows					
Capital expenditure and financial investment:					
Payments to acquire tangible, intangible and heritage assets	6 & 6a		(3,021)		(1,973)
Returns on investments and servicing of finance	7b		132		212
Net sales/(purchases) of investments	8		49		(304)
Management of liquid resources: Increase/(decrease) in cash			(1,041)		(1,804)
Reconciliation of net cash flow to movement in net funds					
Increase/(decrease) in cash and movement in net funds in the year			(1,041)		(1,804)
Net funds at 1 April			12,669		14,473
Net funds at 31 March			11,628		12,669
Analysis of net funds					
Cash			11,628		12,669

Included with cash are endowment funds which are not available for use by the charity as in accordance with the wishes of the donor they must be held as capital. The cash held on 31 March 2021 which was not available for this reason was £147k (2019/20: £105k).

## Notes forming part of the Financial Statements

### 1. Accounting policies

#### a) **Basis of accounting**

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

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

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

Although COVID-19 has had a significant financial impact, there are no material uncertainties related to events or conditions that cast significant doubt on the ability of NML to continue as a going concern. NML is principally funded by UK Government grant and has received formal funding confirmation for 2021/22. Although this level of funding may alter in the future, there is no evidence that it will end.

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

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

#### b) **Income and Endowments**

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

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

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

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

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



## Notes forming part of the Financial Statements

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

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

### c) **Expenditure**

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

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

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

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

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

### d) **Heritage assets**

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

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

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

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

### e) **Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of NML. Restricted funds are funds subject to specific

## Notes forming part of the Financial Statements

restriction imposed by donors, by the purpose of an appeal or by their use to fund an asset which is itself restricted. Transfers between funds arise from either a direct decision of the Trustees or indirectly as a consequence of other decisions that necessarily lead to a movement between funds (e.g., a decision to proceed with a project only part funded by restricted grant or donation).

### **f) Tangible and Intangible fixed assets**

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

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

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

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

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

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

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

### **g) Stock**

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

### **h) Leases**

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

## Notes forming part of the Financial Statements

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

### **i) Pensions**

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

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

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

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

### **j) Taxation**

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

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

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

### **k) Provisions**

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

Other provisions are made when constructive obligations arising from past events are identified as existing on 31 March. The value of untaken employee leave on 31 March has been estimated and accounted for as a provision as the value and timing of any payment that may arise associated with such leave is unknown.

### **l) Investments**

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

Investment income from securities includes dividends and distributions declared as payable during the year. Investments listed on a recognised stock exchange are re-

## Notes forming part of the Financial Statements

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

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

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

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

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

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

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

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

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

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

## **2. Donations, grants, and legacies**

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

	2020/21	2019/20
	£000	Restated £000
Government grant revenue allocation	21,381	18,891
Government grant capital allocation	933	2,834
Total GiA	22,314	21,725
Coronavirus Job Retention Scheme Grant	1,174	-
Donations from visitors, members and the public	432	514
	23,920	22,239

## Notes forming part of the Financial Statements

During 2020/21, as part of our management action to mitigate the financial impact of the COVID-19 pandemic, we accessed significant grant funding under the UK Government Coronavirus Job Retention Scheme. The funding received by the trading company is shown above as unrestricted, and the funding received by the charity is shown below as restricted. The extent of use of the Scheme varied through the whole year with the lowest monthly use being 17 employees and the highest 146 employees in the charity, and between 128 and 162 in the trading company. It was not possible to redeploy these employees elsewhere within the public sector.

### 2a. Restricted donations and grants

£4,142k was recognised during the year (2019/20: £1,736k), of which £77k was gifted (2019/20: £261k).

	2020/21	2019/20
	£000	Restated £000
Government grant capital allocation	2,862	661
Coronavirus Job Retention Scheme Grant	687	-
National Heritage Lottery Fund	-	23
Other revenue and capital grants and donations	516	544
Border Force	-	247
Gifts	77	261
	<u>4,142</u>	<u>1,736</u>

### 3. Net expenditure

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

	2020/21	2019/20
	£000	£000
Travel and subsistence (including trustees)	10	132
Hospitality	2	42
Operating lease payments (Ener-G CHP scheme)	610	497
Operating lease payments (Other)	54	54
Group audit fee	74	85*
Trading company audit fee	8	8
Trading company accountancy fee	9	9
Depreciation and amortisation	6,348	6,406

Note: \* the 2019/20 group audit fee has been restated to include a £22k one-off increase due to Covid.

### 4. Analysis of expenditure

Further details of expenditure are presented below.

Total depreciation/amortisation of £6,348k is split between unrestricted £2,347k (2019/20 £2,196k) and restricted £4,001k (2019/20: £4,210k). Depreciation has been allocated across all SoFA activities including fundraising and governance.

## Notes forming part of the Financial Statements

	2020/21						2019/20
	Employee costs £000	Other costs £000	Total £000	Support Costs £000	Depreciation £000	Total £000	Total £000
Raising funds	395	86	481	109	144	734	796
Charitable activities							
Care of Collections	3,637	263	3,900	885	1,169	5,954	5,421
Estate Management	944	8,423	9,367	2,126	2,809	14,302	12,467
Visitor services	3,495	739	4,234	960	1,269	6,463	6,956
Exhibitions	643	68	711	161	213	1,085	1,431
Education	1,310	60	1,370	309	410	2,089	2,925
Total	10,029	9,553	19,582	4,441	5,870	29,893	29,200
Trading activities							
Shops, cafes & events	2,251	19	2,270	-	62	2,332	4,142
Fees & charges activities	300	333	633	143	190	966	19
Total	2,551	352	2,903	143	252	3,298	4,161
Governance							
External audit fees	-	97	97	-	-	97	63
Corporate governance	92	38	130	62	82	274	245
Internal audit	-	41	41	-	-	41	34
Legal advice	-	7	7	-	-	7	15
Total	92	183	275	62	82	419	357
Total expenditure	13,067	10,174	23,241	4,755	6,348	34,344	34,514
Employee Costs - Support	3,075						
Total Employee Costs	16,142						

### Support Costs

	2020/21						2019/20
	Management £000	Marketing £000	Finance £000	Information Systems £000	Human Resources £000	Total £000	Total £000
Raising funds	29	29	13	23	15	109	108
Care of Collections	237	235	106	189	118	885	738
Estate Management	569	562	257	454	284	2,126	1,698
Visitor services	257	255	115	205	128	960	948
Exhibitions	43	43	19	34	22	161	194
Education	83	82	37	66	41	309	398
Fees & charges activities	38	38	17	31	19	143	3
Governance	17	17	7	13	8	62	49
	1,273	1,261	571	1,015	635	4,755	4,136
Employee Costs	686	937	449	600	403	3,075	2,803

### 5. Staff Costs

	NML		2020/21	2019/20
	NML £000	Trading Ltd £000	Total £000	Total £000
Wages and salaries	10,300	2,047	12,347	12,270
Social security costs	862	127	989	956
Pension costs	2,690	75	2,765	2,679
Agency staff costs	39	2	41	320
Total within expenditure	13,891	2,251	16,142	16,225
Capitalised staff costs	360	-	360	93
Total	14,251	2,251	16,502	16,318

## Notes forming part of the Financial Statements

During the year a small amount of staff costs directly associated with the delivery of NML's major capital projects were capitalised.

Under the subsidiary trading company pension arrangements, the pensionable employees of the subsidiary company are in direct contract with the pension provider. NMLT contributes 5% of basic salary to the pension plans of those staff who are members of the Group Plan and the liability of the subsidiary is limited to this contribution. The employers' contribution amounted to £75k (2019/20: £77k).

### 6. Tangible and Intangible Assets

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

The net book value as of 31 March 2021 was made up of:

	2021	2020
	£000	£000
NML fixed assets	229,030	225,103
NML heritage assets	21,042	20,880
NMLT fixed assets	167	228
	<u>250,239</u>	<u>246,211</u>

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

	Land	Buildings	Furniture & Fittings	Permanent Galleries	Motor Vehicles	Total	Intangible Assets
	£000	£000	£000	£000	£000	£000	£000
<b>Asset Value</b>							
Value at 1 April (Restated)	14,811	198,284	14,998	30,454	56	258,603	133
Additions in year	-	1,741	426	482	239	2,888	48
Disposals	-	-	(76)	-	(4)	(80)	-
Revaluation	347	2,928	-	-	-	3,275	-
Value at 31 March	<u>15,158</u>	<u>202,953</u>	<u>15,348</u>	<u>30,936</u>	<u>291</u>	<u>264,686</u>	<u>181</u>
<b>Depreciation</b>							
Value at 1 April (Restated)	-	-	14,323	18,888	56	33,267	39
Base charge for year	-	4,001	355	1,888	59	6,303	45
Disposals	-	-	(76)	-	(4)	(80)	-
Revaluation	-	(4,001)	-	-	-	(4,001)	-
Value at 31 March	<u>-</u>	<u>-</u>	<u>14,602</u>	<u>20,776</u>	<u>111</u>	<u>35,489</u>	<u>84</u>
<b>Net book value:</b>							
At 31 March 2021	15,158	202,953	746	10,160	180	229,197	97
At 31 March 2020 (Restated)	14,811	198,284	675	11,566	-	225,336	94

*Note: The restatement of carrying fixed asset values and the associated depreciation arose following a reconciliation of opening balances for 2020/21 with detailed asset registers. This corrects cumulative rounding errors in previous years.*

Deloitte LLP, external chartered surveyors, last completed the full valuation of its land and buildings as of 31 March 2017. This has been updated by the results of the annual land and buildings desktop valuation by Deloitte LLP as of 31 March 2021, and the table reflects an increase this year in net book value. The valuation complies fully with the RICS Valuation – Professional Standards known as the 'Red Book'.

## Notes forming part of the Financial Statements

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

### Disposals in year

There were a small number of obsolete equipment and motor vehicle disposals during the year at no material gain or loss.

### 6a. Heritage Assets

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

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

### Collections Management

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

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

### Preservation

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

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

### Valuation

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



## Notes forming part of the Financial Statements

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

Since 2001, acquisitions are recorded at either purchase cost or at a value determined by NML's curatorial staff, based on their specialist knowledge of the area in which they are collecting and of recent auction and sale prices of similar items. The values on 31 March 2021 and the preceding four years are shown below:

	2020/21	2019/20	2018/19	2017/18	2016/17
	£000	£000	£000	£000	£000
Value at 1 April	20,880	20,581	20,314	20,104	14,385
Additions	162	299	267	210	5,719
Value at 31 March	21,042	20,880	20,581	20,314	20,104
Additions analysis					
Purchases	85	38	49	150	67
Donations	77	261	218	60	5,652
	162	299	267	210	5,719

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

	1 April	Additions	31 March
	£000	£000	£000
Acquisitions at historic cost	3,398	85	3,483
Donated assets at valuation	17,482	77	17,559
Total	20,880	162	21,042

## 7. Income

### 7a. Income from charitable activities

	2020/21	2019/20
	£000	£000
Admissions (excl Vol Donations)	112	640
Exhibitions (excl admission)	357	210
Fees and charges activities	153	202
Photography	10	15
Projects income	11	24
	643	1,091

The reduction of admissions income was due to the COVID-19 pandemic, which meant that for much of the year our venues were closed. When open, the numbers of visitors were limited in the interests of public safety. Recognising that visitors would be unable to experience the exhibition programme that we had prepared, we delayed the opening of some exhibitions anticipating that they would benefit more people when COVID-19 related restrictions eased in the future.

## Notes forming part of the Financial Statements

### 7b. Investment income

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

	2020/21	2019/20
	£000	£000
Interest receivable	31	87
Trust Funds	31	35
Endowment Funds	70	90
	<u>132</u>	<u>212</u>

### 8. Financial instruments

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

#### Liquidity Risks

In 2020/21 NML's total income was £28.9m. £25.2m (87%) of NML's income derived from Grant-in-Aid from the Department for Digital, Culture, Media, and Sport. The remaining operating expenditure was therefore financed from self-generated income which tends to be volatile in nature. NML is therefore exposed to some liquidity risk due to uncertainty of the total reserves. However, this risk is mitigated by the regular review of NML's reserves. Going forward there is a liquidity risk for any on-going capital programme, to the extent that the funding is dependent upon the successful generation of grant and donations, and the receipt of these funds.

#### Financial assets by category

		2020/21	2019/20
	Note	£000	£000
Trade debtors	10	67	239
Other debtors	10	1,038	677
Cash at bank and in hand		11,628	12,669

The above excludes statutory debtors i.e., VAT due from HM Revenue and Customs: £338k (2019/20 £298k).

The age of the NML trade debtors is shown below:

	Less than 30 days £000	30-60 days £000	60-90 days £000	More than 90 days £000
As at March 2021	18	-	49	-
As at March 2020	79	57	46	-

The Museum's principal exposure to risk is primarily attributable to trade debtors. However, this risk is minimised because most major customers are longstanding organisations with a

## Notes forming part of the Financial Statements

history of working with the Museum. Most other debtors are grants receivable and are therefore considered to be low risk.

### Financial liabilities by category

		2020/21	2019/20
	Note	£000	£000
Trade creditors	11	771	870
Other creditors & accruals	11	1,991	599
Provisions	12	507	474

The above excludes statutory creditors i.e., tax and social security payments due to HM Revenue and Customs: £441k (2019/20 £428k). All liabilities are non-interest bearing.

### Interest Rate Risks

As mentioned above, NML receives less than 1% of its income through returns on invested cash balances. It is therefore not exposed to any material risk in relation to fluctuating interest rates. The weighted average of fixed rate interest for invested deposits for 2020/21 was less than 0.5%.

### Foreign Exchange Risks

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

### Investment Risk

NML has £6.0m (2020/21 £4.9m) invested in fixed interest and equity stocks as shown below. The investment manager (Rathbone Investment Management) works to a low risk profile instruction.

	2020/21	2019/20
	£000	£000
Fixed Interest	805	782
UK Equities	3,245	2,843
Overseas Equities	1,825	1,154
Alternatives	132	90
	<u>6,007</u>	<u>4,869</u>

The market value of the assets changed during the year as shown below:

	2020/21	2019/20
	£000	£000
Market value at 1 April	4,869	4,995
Purchases at cost	138	652
Sales at market value	(187)	(183)
Net Gain/(Loss) on sales	(75)	(165)
Net Gain/(Loss) on market revaluation	<u>1,262</u>	<u>(430)</u>
Market value at 31 March	<u>6,007</u>	<u>4,869</u>

The Trustees recognise the risk associated with investment in mainstream financial markets and accept the risk in return for the prospect of additional returns over longer periods of time.

## Notes forming part of the Financial Statements

As such, they always wish to remain largely invested, subject to cash reserves being held as part of the investment management process and to cover liabilities.

### 9. Trading subsidiary

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

The company's principal activities consist of:

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

The Directors of the company during the year were:

- P C Price (resigned 9 September 2020)
- S Donaldson (appointed 6 October 2020)
- I Chadwick (appointed 6 October 2020)
- L Pye
- G A McCluskey
- M Lewis

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

The trading performance for the year ended 31 March 2021 and the Company's Balance Sheet are set out below.

	2020/21	2019/20
	£000	£000
Sales	632	4,495
Coronavirus Job Retention Scheme Grant	1,174	-
NML Covid Grant	310	-
Other Covid-related Grants	47	-
Cost of Sales	(155)	(1,392)
Gross Profit	2,008	3,103
Administrative expenses	(2,239)	(2,882)
Operating Profit/(Loss)	(231)	221
Interest receivable and similar income	-	3
Interest payable and similar charges	(1)	(12)
Profit/(loss) on ordinary activities before taxation	(232)	212
Taxation on profit on ordinary activities	30	(37)
(Loss)/profit for the year	(202)	175

NMLT Ltd usually donates all profit to NML after retaining a small balance for cash management purposes. However, after considering the financial impact of the COVID-19 pandemic, the Directors decided to retain all but £10k of profit for 2019/20 as this would help offset the anticipated losses expected due to reduced trading in 2020/21. This has the effect of incurring a Corporation Tax liability as shown above over the two years.

This year the donation was zero (2019/20 £10k) and is included within "Interest payable and similar charges" above.

The balance sheet is as follows:

## Notes forming part of the Financial Statements

	2020/21		2019/20	
	£000	£000	£000	£000
Fixed Assets		167		228
Current assets	1,384		1,369	
Current liabilities	(899)		(743)	
Net Current Assets		485		626
Total		652		854
Represented by:				
Called up share capital		610		610
Profit & Loss reserve		42		244
Total		652		854

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

As all the venues were closed for much of the year, and when open were only able to trade with limited numbers of visitors, and events were paused during the year, the Directors took action to ensure that the company remained a going concern which would be able to resume providing services to the public when COVID-19 restrictions eased. In addition to limiting profit distribution, the company accessed UK Government support such as the Coronavirus Job Retention Scheme and was financially supported by grant funding from the parent in order that it could fulfil its charitable objectives when COVID-19 restrictions eased. Although the company returned a loss for the year as anticipated, losses have been contained and plans are in place to rebuild trading business through the coming years. When the company returns to profit is closely connected to the return of pre-COVID-19 visitor volumes and spend, and therefore there is some uncertainty about this. However, the parent has made clear their support for the company which they see as being an integral part of fulfilling its charitable objectives and the company is a going concern for the foreseeable future.

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

	2020/21	2019/20
	£000	£000
Amount owed by the parent company to the subsidiary	59	33
Amount owed by the subsidiary to the parent company	541	151
	600	184

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

## Notes forming part of the Financial Statements

	2020/21	2019/20
	£000	£000
<b>Incoming Resources</b>		
Sales	632	4,495
Less intragroup sales	(524)	(469)
Trading Activities Income in SoFA	108	4,026
<b>Outgoing Resources</b>		
Cost of Sales	155	1,392
Administrative Expenses	2,239	2,881
External audit fee	(8)	-
Taxation	(30)	38
Interest payable and similar charges	1	12
Total Costs	2,357	4,323
Less intragroup costs	(25)	(181)
Shops, cafes & events costs in Note 4	2,332	4,142

### 10. Debtors

	2020/21		2019/20	
	Group	Museum	Group	Museum
	£000	£000	£000	£000
Amounts due from subsidiary	-	541	-	151
Trade debtors	67	22	239	112
Other debtors	1,038	927	677	642
Prepayments	268	253	192	151
Taxation (VAT) recoverable	338	338	298	298
	1,711	2,081	1,406	1,354

### 11. Creditors

	2020/21		2019/20	
	Group	Museum	Group	Museum
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Amounts due to subsidiary	-	59	-	33
Trade creditors	771	792	870	863
Other creditors and accruals	1,991	1,991	599	589
Deferred income	399	240	411	72
Taxation and social security	441	221	428	192
	3,602	3,303	2,308	1,749
<b>Amounts falling due after one year:</b>				
Accrual for CHP and finance lease	207	207	245	245

In March 2021 NML implemented organisational changes that led to a significant number of employees leaving the organisation as disclosed in the Remuneration and Staff Report. The payments associated with these changes were made early in the new financial year and this led to an increase in Other Creditors and Accruals on 31 March 2021.

## Notes forming part of the Financial Statements

### 12. Provisions

	2020/21		2019/20	
	Group £000	Museum £000	Group £000	Museum £000
Balance brought forward	474	474	395	395
Provision in year	33	33	79	79
Payments in year	-	-	-	-
Releases in year	-	-	-	-
Balance carried forward	507	507	474	474

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

Provision has been made for the anticipated cost of:

- 1) Employee leave which is due by 31 March but has not been taken - £422k (2019/20 £432k)
- 2) Employee compensation claims which fall outside of our insurance arrangements - £30k (2019/20 £42k)
- 3) Estimated capital project payment liabilities - £55k (2019/20 Nil)

### 13. Financial commitments

Payments under operating leases of £663k were made in 2020/21 (2019/20 £551k).

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

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

	2020/21		2019/20	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases which expire:				
Within one year	54	625	54	612
In the second to fifth year	216	2,660	9	2,606
More than five years	9	354	-	1,048
	279	3,639	63	4,266

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

## Notes forming part of the Financial Statements

	Within 1 year £000	2nd to 5th year £000	6th to 10th year £000
Payment commitments	625	2,660	354

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

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

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

### 14. Statement of Funds

The following unrestricted funds were held in 2020/21.

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

	Restated At 1 April 2020 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	At 31 March 2021 £000
<b>Unrestricted funds</b>						
General Fund	7,315	22,440	21,782	-	(1,355)	6,618
Board Share Reserve	610	-	-	-	-	610
Investment Market Revaluation Reserve	51	-	-	358	-	409
Government GiA Reserve	12,107	933	2,285	-	-	10,755
<b>Total Museum</b>	<b>20,083</b>	<b>23,373</b>	<b>24,067</b>	<b>358</b>	<b>(1,355)</b>	<b>18,392</b>
NMLT P&L Reserve	244	1,329	2,340	-	809	42
<b>Total Group</b>	<b>20,327</b>	<b>24,702</b>	<b>26,407</b>	<b>358</b>	<b>(546)</b>	<b>18,434</b>
<b>Restricted funds</b>						
Special Funds	4,078	1,025	918	284	(325)	4,144
Collections Purchase Fund	334	-	-	-	60	394
Government GiA Fund	1,153	1,301	3,000	-	546	-
Collections Purchase Reserve	20,880	78	-	-	84	21,042
Board Capital Reserve	40,127	-	1,346	-	-	38,781
Government GiA Reserve	8,538	1,561	711	-	-	9,388
Restricted Capital Reserve	73,513	208	1,944	-	233	72,010
Revaluation Reserve	90,917	-	-	7,276	-	98,193
<b>Total Group</b>	<b>239,540</b>	<b>4,173</b>	<b>7,919</b>	<b>7,560</b>	<b>598</b>	<b>243,952</b>
Endowment Funds	2,637	70	18	545	(52)	3,182
<b>Total Group</b>	<b>262,504</b>	<b>28,945</b>	<b>34,344</b>	<b>8,463</b>	<b>-</b>	<b>265,568</b>

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

- Special Funds: unused donations or grants from funders with conditions attached to ensure that they are used for a specified purpose.
- Collections Purchase Fund: for future additions to the collections



## Notes forming part of the Financial Statements

- Government GiA Fund: GiA received for a capital purpose and carried forward to finance future asset additions.
- Collections Purchase Reserve: funds which have been used to finance heritage asset purchases.
- Board Capital Reserve: funds generated by the Board of Trustees which have been used to finance restricted fixed assets.
- Government GiA Reserve: Government GiA funds which have been used to finance restricted fixed assets.
- Restricted Capital Reserve: funds provided by donors for specified purposes which have been used to finance fixed assets.
- Revaluation reserve: reflects the difference between the market value of a fixed asset on 31 March and the historical cost. These would have been full land & buildings, desktop, or indexation valuations.

### 15. Border Force National Museum

Until 30 April 2020, the Trustees of NML were custodians and Trustees of the collections that constitute the National Collections of the Board of Border Force. Possession of the National Collection had passed to NML under a deed of trust which allowed NML to hold and display the National Collection for a period not exceeding 20 years from October 2014. The formal name of the museum was "Border Force National Museum" and the visitor name is "Seized! The Border and Customs Uncovered".

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

### 16. Analysis of group net assets between funds

	Unrestricted funds £000	Restricted funds £000	Endow- ments £000	Total £000
Fixed assets	10,922	239,414	-	250,336
Investments	1,441	1,531	3,035	6,007
Net assets (excl fixed assets) and cash	6,071	3,007	147	9,225
	<u>18,434</u>	<u>243,952</u>	<u>3,182</u>	<u>265,568</u>
Unrealised gains/(losses) included above:				
On tangible fixed assets and investments	358	7,560	545	8,463

### 17. Royal Albert Dock Ltd

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

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

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

## Notes forming part of the Financial Statements

NML's contribution for the year under this arrangement was £141k (2019/20 £182k).

### 18. Capital Commitments

There are a small number of capital projects that are committed beyond 2020/21. The aggregate value of capital commitments in future years as of 31 March 2021 was £4,419k (2019 £178k). The significant increase is due to a contract underway to complete major works at the Walker Art Gallery and Midland Railway Building.

### 19. Museum Statement of Financial Activities

	2020/21				2019/20 Restated			
	Unrestricted £000	Restricted £000	Endowment £000	Total £000	Unrestricted £000	Restricted £000	Endowment £000	Total £000
<b>Income and endowments</b>								
Donations, grants and legacies	22,699	4,142	-	26,841	22,239	1,736	-	23,975
Charitable activities	668	-	-	668	1,262	-	-	1,262
Trading activities	-	-	-	-	10	-	-	10
Investments	31	31	70	132	84	35	90	209
<b>Total</b>	<b>23,398</b>	<b>4,173</b>	<b>70</b>	<b>27,641</b>	<b>23,595</b>	<b>1,771</b>	<b>90</b>	<b>25,456</b>
<b>Expenditure</b>								
Raising funds	607	122	18	747	670	120	18	808
Charitable activities	23,205	7,485	-	30,690	24,562	5,089	-	29,651
Trading Activities	727	255	-	982	16	3	-	19
Governance	362	57	-	419	314	49	-	363
<b>Total</b>	<b>24,901</b>	<b>7,919</b>	<b>18</b>	<b>32,838</b>	<b>25,562</b>	<b>5,261</b>	<b>18</b>	<b>30,841</b>
Net (loss)/gains on investments	358	284	545	1,187	(57)	(83)	(290)	(430)
Net (expenditure)/income	(1,145)	(3,462)	597	(4,010)	(2,024)	(3,573)	(218)	(5,815)
Transfers between funds	(546)	598	(52)	-	(91)	163	(72)	-
Gains/(Losses) on revaluation of fixed asset	-	7,276	-	7,276	-	(8,742)	-	(8,742)
Net movement in funds	(1,691)	4,412	545	3,266	(2,115)	(12,152)	(290)	(14,557)
Brought forward at 1 April	20,083	239,540	2,637	262,260	22,198	251,692	2,927	276,817
Carried forward at 31 March	18,392	243,952	3,182	265,526	20,083	239,540	2,637	262,260

### 20. Related Party Transactions

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

Most years NML receives a donation without conditions from NMLT, a 100% owned subsidiary company of NML. The purpose of the company is to support the charity in the delivery of its objectives, and NMLT usually donates any profit generated as part of achieving that to NML after retaining a small balance for cash management purposes. Due to the impact of the COVID-19 pandemic there was no profit to donate in 2020/21 (2019/20 £10k). As outlined in Note 9, the limited donation in 2019/20 was part of the management action taken in response to the financial impact of the COVID-19 pandemic.

In addition, in order to ensure that NMLT would be able to resume activity in support of NML charitable objectives, a grant of £310k was made by NML to NMLT (2019/20 Nil). Further such grants may be paid in the future depending upon the severity and length of the impact of the COVID-19 pandemic.

#### Key management personnel

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

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

## Notes forming part of the Financial Statements

Related Party	Relationship	Transactions	Income for	Expenditure	Creditor at	Debtor at
			the year	for the year	31 March	31 March
			2020/21	2020/21	2021	2021
			£000	£000	£000	£000
Museums Association	Laura Pye - Member; Chair of Taskforce	Institutional memberships and training	-	11	-	-
Liverpool City Region	Laura Pye - Member LCR Enterprise Board; Chair of LCR Visitor Economy Board	Income from services; Expenditure on analysis and reporting services;	6	20	-	-
The Art Fund	Laura Pye - Member	Project funding	5	-	-	-
CIPFA Ltd	Stephanie Donaldson - CIPFA Member; CIPFA NW Regional President	Professional services	-	18	-	-
University of Leicester	Sandra Penketh - External examiner	Income from Practice mentoring	9	-	-	9

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

### Trustees

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

Related Party	Relationship	Transactions	Income for	Expenditure	Creditor at	Debtor at
			the year	for the year	31 March	31 March
			2020/21	2020/21	2021	2021
			£000	£000	£000	£000
Liverpool John Moores University	Sir David Henshaw - Honorary Fellow	Charges for events, ticket sales and bookings	-	-	-	-
University of Liverpool	Sir David Henshaw - Fellow	Charges for services, tuition and receptions	-	-	-	-
Rosenblatt Limited	Ian Rosenblatt - Partner	Professional/legal services re contractual matter	-	-	-	-
South Bank	Ian Rosenblatt - Benefactor	Framing and other arts services (Southbank Centre)	-	3	-	-
Barbican	Ian Rosenblatt - Patron	Exhibition hire/service fees	2	111	-	-
Grosvenor Liverpool Fund	Sarah Dean - Grosvenor Estate Family Office	Fees for services - Old Dock Interpretation Centre	12	-	-	-
FACT	Andy McCluskey	Film, editing and related services	4	-	-	-
ACC Liverpool Group	Max Steinberg - Chair	Advertising	-	-	-	-
Liverpool Hope University	Max Steinberg - Senior Fellow	Contribution to programme co-ordinator	-	-	-	-

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

### 21. Contingent Assets and Liabilities

There are no contingent assets or liabilities (2019/20 Nil).

### 22. Post Balance Sheet Events

There are no post balance sheet events.

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

### 23. Special payments and losses

NML have not made any payments or incurred losses during the year in respect of commercial settlements and compromise agreements, which may be classed as a special payment under Managing Public Money guidance. Therefore, none were to be disclosed

## Notes forming part of the Financial Statements

within the remuneration report. Where required, approval would be obtained from DCMS and/or HM Treasury. Under the current Framework Document NML is required to disclose separately any special payments of an individual value above £100,000.

### 24. Restatement

The comparative figures for 2019/20 have been restated compared to the accounts published last year to incorporate changes in two areas. Making this restatement led to a small number of adjustments in the 2019/20 figures, which are itemised below:

- 1) Reclassification of two reserves (Collections Purchase Fund and Government GiA Fund) as being restricted rather than unrestricted.

	Original Balance £000	Reserve changes		Fixed asset adjustment £000	Revised Balance £000
		Collections Purchase Fund £000	Government GiA Fund £000		
<b>Unrestricted funds</b>					
Opening Balance	23,567	(281)	(1,024)	5	22,267
Donations, grants and legacies	22,368	-	(129)	-	22,239
Transfers	(38)	(53)	-	-	(91)
Closing Balance	21,809	(334)	(1,153)	5	20,327
<b>Restricted Funds</b>					
Opening Balance	250,387	281	1,024	-	251,692
Donations, grants and legacies	1,607	-	129	-	1,736
Transfers	110	53	-	-	163
Closing Balance	238,053	334	1,153	-	239,540

- 2) Correction of carrying fixed asset values and the associated depreciation following a reconciliation of opening balances for 2020/21 with detailed asset registers.

	Original Closing Balance 31 March 2020 £000	Reserve changes		Fixed asset adjustment £000	Revised Opening Balance 1 April 2020 £000
		Collections Purchase Fund £000	Government GiA Fund £000		
<b>Asset Value</b>					
Furniture & Fittings	15,001	-	-	(3)	14,998
Permanent Galleries	30,452	-	-	2	30,454
<b>Depreciation</b>					
Permanent Galleries	(18,894)	-	-	6	(18,888)

The reclassification above also had the effect of restating the closing balance for 2018/19 at 31 March 2019 for both Unrestricted and Restricted funds. In total Unrestricted Fund reduced from £23,567k to £22,267k, with a corresponding increase in Restricted Funds from £250,387k to £251,692k.

**Notes forming part of the Financial Statements**

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