

Natural History Museum Annual Report and Accounts 2022-2023

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The Trustees' Annual Report

Reference and administrative details

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

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

Board Members The Board of Trustees comprises the following:

	Appointment period	Appointed by
Sir Patrick Vallance (Chair)	To 30 September 2026	Co-opted
Harris Bokhari OBE	To 12 April 2024	Prime Minister
Dame Frances Cairncross DBE FRSE	To 31 March 2024	Co-opted
Professor Yadvinder Malhi CBE FRS	To 12 April 2024	Prime Minister
Dr Sarah E Thomas	To 30 November 2024	Co-opted
Robert Noel	To 24 April 2024	Prime Minister
Professor Dame Janet Thornton	To 30 March 2024	Prime Minister
Mark Read	To 31 May 2026	Prime Minister
Professor Dame Jane Francis DBE FRS	To 31 January 2027	Royal Society
Shahpur Kabraji	To 25 June 2026	Prime Minister

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

Museum Director and Accounting Officer Dr Douglas Gurr

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

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

Moore Kingston Smith LLP, 6th Floor, 9 Appold Street, London, EC2A 2AP (for subsidiary accounts)

Solicitors Provided in house.

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

Structure, governance and management

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

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

The Board of Trustees

The Museum is governed by a Board of up to 12 Trustees who are appointed by the Prime Minister (8), the Secretary of State for Culture, Media and Sport on recommendation by the President of the Royal Society (1) or co-opted by the Board of Trustees themselves (3). Those appointed by the Prime Minister are appointed by open competition in accordance with the requirements of the Governance Code on Public Appointments (Appendix B) including the appointment of an Independent Assessor to aid the Nominations Committee. Co-opted Trustees are also appointed by open competition, unless the Chair of the Board is able to demonstrate it is in the best interest of the Museum to not do so. As at the date of signing the accounts 10 of the 12 positions are filled.

Organisational structure

Further details of Trustees who served during 2022-23 are included in the Governance Statement.

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

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

Director of the Museum	Dr Douglas Gurr
Executive Director of Finance and Corporate Services	Neil Greenwood
Executive Director of Development	Fiona McWilliams (<i>until 31 August 2022</i>)
Executive Director of Engagement	Clare Matterson (<i>until 14 April 2022</i>)
Executive Director of Science	Dr Tim Littlewood
Chief Information Officer	Richard Hinton (<i>from 1 August 2022</i>)
Director of Commercial and Visitor Experience	Adam Farrar
Director of Public Programmes	Alex Burch
Director of Communications, Digital and Marketing	Dan Phelan
Director of Human Resources	Alison Lodge
Director of Estates, Masterplanning and Projects	Keith Jennings
Director of Strategy and Innovation	Bethan Parry
Deputy Director of Science	Ken Norris

Jennifer Cormack was appointed as the Director of Development on 11 April 2023.

The Natural History Museum has three wholly owned subsidiaries.

The Natural History Museum Trading Company Ltd is a limited company. The directors are Sir Patrick Vallance, Mark Read, Dr Douglas Gurr and Neil Greenwood.

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

Staff and organisation

The Museum is an Equal Opportunity Employer and has agreed statements of policy under section 2(3) of the Health and Safety at Work Act, 1974.

Senior management communicate with staff through regular Museum wide presentations, Museum notices and team briefings, through the Museum’s Health and Safety organisation and Whitley Council mechanisms as well as through informal meetings.

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

During the year the Museum employed 911 staff (average full-time equivalents) (2022: 877), of which 687 (2022: 676) were on permanent contracts. Those not on permanent contracts are fixed-term appointments, typically engaged on scientific grants with a fixed end date.

The average days' sickness per year for permanent and fixed term contract staff was 4.7 days per full time equivalent (2022: 4.9 days). Now we are back to full opening, we have seen the number of days lost return to pre-pandemic levels. Staff turnover during the year was 18% (2022: 11%).

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

A volunteer force of 268 people was registered with the Museum during 2022-23.

The split of permanent and fixed term staff (excluding agency staff) by gender at 31 March 2023 was:

	Female	Male
Directors	5	8
Other employees	618	402

Consultancy appointments related primarily to training courses, public engagement shows, and collections storage work on an intermittent basis meaning it was not appropriate to administer these individuals through payroll. The Museum conducted risk-based assessments and obtained assurances that these individuals were meeting their Income Tax and National Insurance obligations. The total spend on freelancer appointments in the year was £392,000 (2022: £249,000). The number of self-employed individuals earning more than £245 per day is disclosed in the table below:

	2023	2022
Total engaged for less than one year	26	10
Total engaged between one and two years	2	1
Total engaged between two and three years	–	1
Total engaged between three and four years	–	2
Total engaged for more than four years	–	5
Total	28	19

No individuals were deemed to be applicable to IR35. One was reassessed for consistency / assurance purposes during the year and no engagements saw a change to their IR35 status.

No costs were incurred during the year (2022: none) on consultancy deemed to be of a strategic nature.

17 individual staff members (FTE: 16.8) were relevant union officials during 2022-23. Working hours spent on facility time fell within the 1-50% band for all individuals and no hours were spent on paid trade union activities. The amount paid in respect of facility time to employees who were relevant union officials was £4,284, which equates to 0.01% of the total pay bill of £36,274,000.

Openness and accountability

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

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

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

The Museum has a whistleblowing policy. There were no matters raised during 2022-23.

Relationship with DCMS

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

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

Group entities

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

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

Mission and Vision

Our mission is to create advocates for the planet.

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

Objectives

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

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

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

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

- UK Biodiversity: partnering in the Darwin Tree of Life Project to read the genomes of complex species in the UK as part of the Earth BioGenome Project, and, through our Urban Nature Project, working with partners and

communities to tackle the pressing challenges being faced by the UK's urban nature.

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

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

Achievements and activities during 2022-23

Still the nation's favourite

We experienced a successful recovery in a lockdown-free year as the UK's most visited indoor attraction in 2022 for the second year in a row. This success was driven by an attractive exhibition programme and strong demand from our domestic family audience and saw 5,157,305 visitors pass through our doors at South Kensington. Operating six days a week, Tuesday to Sunday, NHM at Tring welcomed 144,791 visitors bringing the Museum's total visitors to just over 5.3m (2022: 2.5m).

Our Broken Planet: How We Got Here and Ways to Fix It

The Our Broken Planet display ended its successful initial run at South Kensington in August 2022, having welcomed another 400,000 visitors in 2022-23. The exhibit explored human impact on our planet through over 40 specimens from the collections, as well as contributions from young changemakers and Natural History Museum scientists. It covered wide-ranging issues including deep sea mining, carbon-intensive agriculture, zoonoses, wildlife smuggling, plastic waste and fast fashion. 76% of visitors to the Our Broken Planet display strongly or somewhat agreed that their visit had made them more likely to take action to protect the natural world, (compared to 65% of visitors who didn't visit the exhibition).

The Lost Rhino

The Our Broken Planet programme continues to grow, with a series of free art displays supported by the Jerwood Foundation that explore the themes of the planetary emergency, beginning with The Lost Rhino by Alexandra Daisy Ginsberg. Exploring how an idea of an animal can be more powerful than the animal itself, at the centre was Ginsberg's 'The Substitute', a captivating life-size projection of a northern white rhinoceros that slowly comes to life, transforming from pixels into a high-resolution facsimile, before disappearing. The artwork questioned our preoccupation with creating new life forms rather than conserving existing ones and was accompanied by three other imperfect representations of the rhinoceros selected by Ginsberg that explored different ways the endangered animal lives in our imaginations. Open from 16 December 2022 until March 2023, the free exhibition received over 260,000 visitors.

Dippy Returns: the nation's favourite dinosaur

Over one million people made a pilgrimage to the homecoming of the nation's favourite dinosaur between May and December 2022, following a nationwide tour of the UK supported by the Garfield Weston Foundation, that began in 2017. While

travelling the UK, Dippy witnessed the changing state of the nation's wildlife and the habitats that need our protection. The installation featured visitors' reflections from when they met the Jurassic giant and how such meetings inspired them to re-connect with the precious nature on their doorsteps.

Wildlife Photographer of the Year

The 58th edition of the Wildlife Photographer of the Year opened with a fresh new look. The Horizons initiative is helping build a pipeline of more diverse entrants, better showcasing the talents of photographers from the global south, as well as women and nonbinary photographers.

Dippy in Coventry

Following the conclusion of Dippy Returns, this wonderful dinosaur moved to the Herbert Art Gallery and Museum in Coventry, where it will be "dino-in-residence" from February 2023 for three years. Dippy had been seen by 33,714 visitors by the end of March 2023.

Titanosaur: Life as the Biggest Dinosaur

In South Kensington, on 31 March 2023 we opened our major new temporary exhibition Titanosaur: Life as the Biggest Dinosaur, featuring a cast of the 37-metre long Patagotitan mayorum, which will be on display in Europe for the first time. The cast was made in Argentina, where the fossil was initially discovered, by Museum of Paleontology Egidio Feruglio and transported to the UK by logistics partner IAG Cargo.

Investing in our estate and infrastructure

Urban Nature Project

In September 2022 the gardens at South Kensington were closed as we embarked on transforming our five-acre site into a welcoming, engaging, accessible and biologically diverse green space in the heart of London. The Museum continued the development and delivery of a range of activities with resources made available to teachers, youth workers and community groups across the country.

With the support of Amazon Web Services, the Museum has begun the creation of the data platform to store, enrich, and compare urban biodiversity and environmental data. The Data Ecosystem will help researchers build a deeper understanding of the UK's urban biodiversity, including its composition, how it relates to environmental conditions, and how it responds to direct conservation action.

The Natural History Museum Science and Digitisation Centre

28 million specimens will be moved in coming years to a new science centre near Reading to safeguard their future, improving scientific access and use with innovative digital, analytical and genomic technologies and facilities. The acceleration of digitisation accompanying the move will enable global access to the collections, transforming research capability and impact.

Plans for the new site at Thames Valley Science Park progressed well with the work on RIBA Stage 2 design and the signing of the lease with the University of Reading completed in the year. The budget for the delivery of the building and the collections move was approved by HM Treasury in February 2023 at £220m with £201m coming from Government.

Estates Infrastructure Renewal

With additional funding of £10.7m from the DCMS Public Bodies Infrastructure Fund in 2022-23, the Museum has been able to continue its programme of vital fire precautions works across all of our sites, progress a major roof replacement in the western galleries of the Waterhouse Building at South Kensington and commence the replacement of aging mechanical and electrical services as well as projects to restore the fabric of our buildings.

Influencing action for nature globally

Touring Exhibitions

The Museum aims to share our collections and inspire visitors across the world with our portfolio of temporary exhibitions.

Fantastic Beasts: The Wonder of Nature opened at Royal Ontario Museum in Toronto, Canada, in June 2022 and welcomed nearly 174,000 people in its seven-month run.

In Chicago, USA, at the Field Museum, Jurassic Oceans: Monsters of the Deep had received over 213,000 visitors when it closed in September 2022.

The latest Wildlife Photographer of the Year exhibitions were on show around the world and seen by over 830,000 visitors along with a bespoke exhibition, Unforgettable Behaviours, created for The Smithsonian in Washington DC, USA, that was seen by an estimated 625,000 visitors.

COP15 global biodiversity conference

Global ten-year biodiversity targets for 2020 have not been met, so the Museum is using expertise and data to provide new tools for policy. A Natural History Museum delegation attended the COP15 global biodiversity conference in Montreal, engaging at the highest levels with policy and decision-makers to promote the use of the Museum-developed Biodiversity Intactness Index (BII), a measure of how much natural biodiversity has been lost in particular areas. The BII and data are available through a Web interface called the Biodiversity Trends Explorer, which allowed negotiators and policymakers to compare biodiversity states and changes between countries since 2000.

The BII was also used to power a provocative artwork, Econario by Thijs Biersteker. Econario is a 5-meter-tall robotic plant that moved like a seedling and grew or withered depending on the impact of decisions made at COP15 as measured by the BII. The aim was to show the impact of current environmental choices on the future.

Unlocking the potential of a global collection

There are over 1,000 natural history museums worldwide, the largest 73 of which care for 1.1 billion specimens. We contributed to a ground-breaking paper in the journal *Science*, which highlights the potential of these collections for insight and evidence for action on climate change and biodiversity loss. However, much of the information is not accessible in digital form. The paper proposes a strategy for a large, globally accessible data resource to enable more strategic use of collections, making tools and data available to all countries on an equitable basis. The Natural History Museum has digitised over 5.5 million specimens – an astonishing number yet only about 7% of the total collection. The new paper bolsters our determination to accelerate our digitisation programme to make vital data accessible to policy makers and many other users.

Fair and open DNA sequence data

Dr Chris Lyal collaborated on an expert call to action in the journal *Nature Communications* on Digital Sequence Information (DNA sequence data) in the context of the international Convention on Biological Diversity and its Nagoya Protocol. Open access to sequence data is a cornerstone of biology and biodiversity research, but new policy could compromise research unless well informed and designed. The authors lay out a framework for use of digital sequence information (DSI) that enables fair benefit-sharing, ensures open access to sequence data, strengthens biodiversity conservation and sustainable use, and leverages genomics and bioinformatics for international capacity-building.

Mineral futures

Prof Richard Herrington was author on a foresight briefing on the mineral needs of a transition to a low-carbon future. He argued that the scale of the transformation may resemble that of the 1960s Green Revolution, the efficiency gains of which came with major ecological and social costs. The authors present three options for a Mineral Revolution - status quo, incremental adaptation and revolutionary change – as a basis for planning for low-carbon transition. They argue that a sustainable Mineral Revolution requires a paradigm shift that emphasises wellbeing as a priority and focuses on preserving natural capital.

Generation Hope: Act for the Planet

In March 2023 the Museum welcomed young people from around the world to participate in a week of free public and private activities. Working with a new advisory board that helped steer the content for the week, we partnered up with a number of organisations including Force for Nature, Climate Outreach, Patchwork Foundation, Letters to the Earth and Food Wave, to create and deliver the programme of inspiring workshops, panels and talks.

Young Minds for a Compassionate World: Championing young voices through nature photography

During a week-long workshop in Kolkata, India, young people aged 15-22 were taught nature photography; from basic to intermediate photography skills and communicating unique perspectives to conserving nature in the local community. Participants were mentored by world leading photographers and alumni of the Wildlife Photographer of the Year competition throughout the week. An exhibition hosted at the Victoria Memorial Hall featuring the photos of the workshop participants and the stories of local nature followed in November 2022.

A programme of digital events will continue the legacy of the programme and open it up to a wider online audience commencing in Spring 2023. Through this work, we hope to inspire a new generation of photographers who will tell locally-rooted stories of our planet with empathy and creativity.

Growing the next generation of advocates: the National Education Nature Park scheme

Commissioned by the UK's Department for Education, the Museum is working with the Royal Horticultural Society and the Royal Society to create a National Education Nature Park and awards scheme for every school in England. This initiative aims to inspire and empower every young person in England to connect with nature, understand the importance of biodiversity and climate resilience, and feel confident to take action.

The scheme will allow students to transform their green spaces at school into their own 'Nature Parks', creating a network of educational outdoor spaces across England, managed by the young people themselves. They will be able to develop

their leadership skills, gain valuable knowledge, and contribute to enhancing biodiversity and climate resilience in their local communities.

Finding solutions from and for nature

Uncovering the history, and future, of mammal evolution

A team of researchers led by Prof Anjali Goswami at the Natural History Museum, supported by the European Research Council and other funders, developed a new model of mammal evolution by analysing a collection of skulls. Using computerised shape analysis on 3D scans of 322 specimens from over 20 international museum collections, and spanning a period of 66 million years since the extinction of the dinosaurs, the study in the journal *Science* found an early peak in rates of change followed by a long-term slowing in evolutionary rates, with whales and elephants showing the most rapid evolution at particular periods - in a related paper on whales, they showed diet and echolocation have the strongest influence on skull morphology. The work helps explain the diversity of life on Earth to the present day and could help predict how species will respond to rapid changes in their environment – particularly relevant in the context of the current planetary emergency.

Museum collections shed light on climate change impact

A study of four species of UK bumblebees, held in museum collections, found that the insects are increasingly stressed due to environmental change. The research, funded by the UKRI Natural Environment Research Council (NERC) and others, analysed the asymmetry of bumblebee wings to assess the stress that they experienced. Previously, this kind of analysis has required living insects, allowing only a snapshot of the issue over time. By using wing symmetry as a proxy for stress, scientists can draw on extensive museum collections to build a more complete picture of how this situation has developed – and how it may evolve in the future.

The Museum's digitised UK butterfly collection – around 180,000 specimens – has been used by Museum scientists to look at how temperature fluctuations impact butterfly body size, and how that might affect the insects' ability to breed. Using computer vision, they found an increase in adult body size when there had been warmer monthly temperatures during the late caterpillar stages. The work, again supported by NERC and other funders, shows the potential of digitised collections to help our understanding of species' responses to climate change and to support biodiversity conservation.

What really happened to the Neanderthals?

New analysis by Prof Chris Stringer, Museum Research Leader in Human Evolution, and Dr Lucile Cr  t  , has suggested that the apparent disappearance of Neanderthals 40,000 years ago may not have been a simple consequence of conflict with *Homo sapiens* in the preceding 20,000 years. They looked at evidence for periodic migrations of *Homo sapiens* out of Africa from 200,000 years ago, which together with DNA evidence, suggests that the long period of coexistence may have seen periods of interbreeding, gene flow and eventual absorption of the Neanderthals into modern human populations. This analysis forms part of the ongoing work of the Centre of Human Evolution Research, generously supported by The Calleva Foundation.

Plasticosis

Laboratory studies have shown that there are sub-lethal 'hidden' impacts of plastic ingestion on organisms. Dr Alex Bond and his collaborators looked at the Flesh-footed Shearwater (*Ardenna carneipes*), a seabird species that is highly impacted

by plastic ingestion in its natural habitat. They detected scar tissue formation in the stomach of 30 fledglings from Lord Howe Island, Australia, highly associated with the presence of plastic and extensive changes and loss of tissue structure in stomach linings. The extent and severity of fibrosis indicates a novel, plastic-induced fibrotic disease, which they name 'Plasticosis'. They highlight the unique pathological properties of plastics and raise concerns for other species impacted by plastic ingestion.

Diversity in agriculture benefits biodiversity

Museum researchers Dr Adriana De Palma and Prof Andy Purvis worked on the largest global meta-analysis of the effect of diversified farming on non-domesticated biodiversity. Diversification – creating a more complex agricultural landscape - has been proposed as a way to restore ecosystem functioning in agricultural landscapes and this research shows 26% higher species richness than simplified systems, with higher abundance and richness of beneficial species, and lower pest abundance. They conclude that diversification has a high potential to benefit biodiversity. Funding for Museum involvement in the work was from NERC, the Prince Albert II of Monaco Foundation, and the EU Horizon 2020 Programme.

Problems with managed bumblebees

Dr Paul Williams looked at the managed bumblebee *Bombus terrestris*, which has been introduced as an agricultural pollinator, becoming established in many parts of the world, impacting fauna and flora alike. He and his collaborators looked at the active, unregulated commercial management and sale of non-native *Bombus terrestris* in China (an area of high natural diversity), including its use in open environments. They argue that national and international regulations on the trade and use of this species are needed, and some of the many native species should instead be targeted for domestication.

Space dust from before the solar system

Prof Sara Russell and collaborators looked for presolar material in samples returned the Hayabusa2 mission to the asteroid Ryugu, which is in orbit around the sun. Their work found strong similarities in presolar grains to those in rare carbonaceous chondrite meteorites that have fallen on Earth. Although much of Ryugu has experienced alteration in the past 4.5 billion years, they found small proportions of material unaltered that will give further insights into conditions before the solar system formed, and the processes of formation in the earliest period.

Biodiversity in the soil

Soil biodiversity comprises 23% of described living species, supports ecosystem services valued at \$2.1 trillion per year worldwide and forms Earth's second largest carbon pool. Land-use changes biodiversity, but most studies have been on above-ground organisms and metrics for policy are scarce. Challenges include limited data, incomplete taxonomic discovery, poorly known distributions, and inadequately quantified assemblage structure. Dr Victoria Burton and colleagues compared modelled abundance responses of soil-dwelling and above-ground organisms to land use and soil properties. They found distinct differences between the groups and argue for much better development of biodiversity data and models to support policy decisions. The research was supported by NERC and the EU Horizon 2020 Programme.

Volcanic explosions

Volcanoes such as Stromboli in Italy normally show low key activity but this can be interrupted by sudden large explosive events. In June to August 2019, Stromboli

showed one major explosion and two paroxysms over a period of 64 days, the first causing a casualty. Dr Chiara Maria Petrone and collaborators in a new study showed how these large explosive events were triggered under the surface by significant changes in the plumbing of Stromboli. Research support was from NERC and other sources. This understanding and explanation is fundamental to a fast response during a volcanic unrest phase or crisis, saving lives and protecting livelihoods.

People and partnerships make it possible

Amplifying marginalised voices in science with the Explorers Conference

The Explorers Programme is encouraging more young people from marginalised backgrounds in the UK to study science subjects and pursue careers in museums and natural history, specifically in Earth, environmental, and ecological sciences.

Supported by funding from NERC, our second Explorers Conference took place in November 2022 and was an opportunity for attendees to learn more about research and career opportunities within Earth, environmental and ecological sciences. This free event enabled undergraduate and postgraduate students along with early career researchers to hear directly from successful scientists from similar backgrounds, participate in workshops, and network with speakers and peers.

Diversity in the Museum

The Museum continues to strive to become a more equal, diverse and inclusive organisation and has been gathering and evaluating data on its workforce to help do this.

- Black, Asian and minority ethnicities made up 15% (2022: 13.7%) of the workforce
- 9.1% of the workforce self-define as disabled (2022: 7.5%)
- 10.4% of the workforce identified as lesbian, gay, bisexual, or other sexuality (2022: 8.8%)
- 59.2% of staff identified as a woman (2022: 58.3%), 39.7% as a man (2022: 40.6%) and 1.1% as non-binary (2022: 1%)
- 0.9% of the workforce held a gender identity that was not the one assigned at birth (2022: 0.6%)
- 8.9% of the workplace reported holding a religion or belief (2022: 6.3%)

Our vision is of a future where both people and the planet thrive. Diversity is one of our core values and we strive to build a workplace where everyone feels a sense of belonging. All new staff who join us learn about the importance of diversity and inclusion to the Museum and how to contribute to creating an inclusive environment.

We know we have more to do and we have developed a strategy and action plan to enable us to meet our diversity and inclusion aims. We are committed to ensuring that everyone who works at the Museum feels they can thrive and feel valued and respected.

We also believe that transparency is key which is why we have voluntarily published on our website our Ethnicity Pay Gap alongside our Gender Pay Gap.

Our volunteer programme

Volunteers are vital to the Museum, with over 500 people currently donating their time to engage visitors and support the scientists and collections. The Museum offers exciting opportunities for volunteering, internships and work experience,

all designed to benefit participants as much as they benefit the Museum. These programs aim to inspire and provide enriching experiences – both public-facing and behind-the-scenes.

Our supporters

Membership

Our members are incredibly important to us, and we continued to engage with them through a range of unique onsite and online activities during 2022-23.

Reflecting the growth in our family memberships, we offered more onsite activities including special morning views and workshops.

Patrons

We are delighted to extend our gratitude to the Patrons for their continued support throughout 2022-2023. As a community of like-minded individuals with varied and diverse interests, our Patrons are amongst our closest and most passionate group of supporters. Their generosity helps us to continue important research, protect our invaluable collections and inspire the next generation of advocates for the planet.

The Patrons programme has continued with exciting events over the past 12 months. Some highlights include the Hidden Gems event in July where Patrons had the opportunity to see behind the scenes of our Mineralogy collection, our offsite visit to Tring in November to discover more about the Museum's extensive bird collection and, most recently, an illuminating in conversation event in February where we heard from our Scientists and Early Career Researchers from the Centre for Human Evolutionary Research.

Supporter engagement

In July 2022 we launched the public phase of our Urban Nature Project appeal, following on from the successful launch of the loyal appeal in February 2022. Donors have welcomed the chance to add their name, or the name of a loved one, to the Museum's gardens through an engraving on a bench or a railing. Over the whole of the financial year, the public and loyal appeals combined raised over £255,000 from 743 donors, with almost £50,000 of additional income expected from Gift Aid.

Philanthropy

The Museum has continued to receive generous donations from philanthropic individuals and trusts and foundations this year.

Our exhibition programme has benefitted from the philanthropic support of the Jerwood Foundation funding our new programme of contemporary art exhibitions and the Huo Family Foundation supporting a forthcoming exhibition in 2024.

We are also grateful for the new and continued support of donors towards the care of our collections, digitisation and research activities.

We thank all our supporters in 2022-23 for their generosity.

Plans for 2023-24

The operating plan is in place for the year to ensure that key deliverables are resourced and monitored.

For the NHM Science and Digitisation Centre, these include completing RIBA (Royal Institute of British Architects) stage 3 and commencing stage 4. The Museum will also be undertaking the implementation phase to design and configure a new collections management system.

The Urban Nature Project is to open the newly developed gardens at South Kensington in the Spring of 2024, alongside launching Nature Overheard, a community science programme investigating how noise affects insect populations which will run to the end of 2023.

Work will continue across our estate on critical infrastructure renewal projects including further fire precautions projects across our sites, progressing projects to restore the fabric of building at South Kensington along with completing the re-roofing and infrastructure for the western Waterhouse galleries.

At South Kensington, Titanosaur: Life as the Biggest Dinosaur will be open until January 2024. Continuing the art series as part of the Our Broken Planet programme, The Polar Silk Road photography exhibition by Gregor Sailor opens in May 2023. The Wildlife Photographer of the Year, presenting the winning entries from the 59th competition, will open in October 2023.

Fantastic Beasts: The Wonder of Nature opens at its next venue, the Melbourne Museum, Australia, in May 2023, and our latest Wildlife Photographer of the Year Exhibition will be on show across the UK and world throughout the year.

Results of the Natural History Museum and consolidated subsidiaries

The financial position for 2022-23 has been supported by the strong recovery in visitor numbers to 5.3m (2022: 2.5m), comparable to pre-pandemic levels. This contributed to an overall growth in total income to £117.0m (2022: £97.4m). This includes COVID-19 support funding of £3.1m from the Government (2022: £9.0m). Non-government income increased by £14.5m to £51.1m (2022: £36.6m).

Expenditure increased also, following an increase in activity across the organisation to near pre-pandemic levels, as well as general inflationary pressures. Total expenditure in the year increased by £15.1m to £104.6m (2022: £89.5m).

This contributed to an overall consolidated surplus for the year before gains and losses on investments and revaluation of £12.3m (2022: £7.9m surplus). This includes a profit from the trading company of £9.7m (2022: £4.6m). After adjusting for depreciation, amortisation and loss on disposal of fixed assets (being non-cash items), which is considered a more meaningful indicator of in year financial performance, there was an overall surplus of £27.5m (2022: £22.5m surplus) which reduces to a surplus of £24.4m (2022: £13.4m surplus) without extra COVID-19 support and use of the CJRS in the previous financial year.

Available reserves at 31 March 2023, as represented by current assets less liabilities, amounted to £40.8m (2022: £32.5m). This includes the general fund, the unrestricted and non-designated reserve, which amounted to £5.3m (2022: £5.0m). This is £1.3m above the minimum reserve figure of £4m approved by Trustees as part of the annual budgeting process and is held to manage cash flow and budgetary risks. Designated cash reserves amounted to £23.4m including funds held to underpin capital expenditure on the Urban Nature Project through to 2023-24, committed expenditure on estate infrastructure improvements and other critical and future strategic investment. In addition, there were reserves of £1.6m held within the designated fund for future scientific research (2022: £1.6m), and £7.1m (2022: £6.7m) held within restricted funds for future investment in capital projects and activities.

Our cash at bank and in hand increased from £39.7m to £48.5m following an increased surplus. It is anticipated that this will decrease in the next financial year as the restricted and designated reserves held for the construction of the Urban Nature Project are spent down.

These figures are summarised below:

	2023	2022
	£m	£m
Net income for the year before depreciation, amortisation, losses on disposal, asset indexation and revaluation	27.5	22.5
Net income for the year excluding additional government COVID-19 support and CJRS	24.4	13.4
General Fund	5.3	5.0
Current assets less liabilities	40.8	32.5

Capital expenditure for the year (tangible fixed assets) amounted to £19.2m (2022: £5.8m) including significant expenditure on core estate infrastructure including fire precautions work, continuation of the re-roofing of the Waterhouse Building western roofs, and the start of the development of the gardens at South Kensington for the Urban Nature Project, due to complete during 2023-24. There was also further investment in various scientific equipment and IT infrastructure.

Total net assets at 31 March 2023 amounted to £722m (2022: £680m) of which £114.9m is restricted (2022: £101.1m). This includes total fixed assets of £681m (2022: £647m) which accounted for the majority of the total assets and predominantly reflect land and buildings such as the Waterhouse Building, and the Museum's collection. These buildings are not realisable assets and maintaining them creates an ongoing strain on resources.

The Natural History Museum Trading Company Limited

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

Profit for the year amounted to £9,679k (2022: £4,634k). This results in a payment of £9,679k (2022: £3,671k) to be made to the Museum under a deed of covenant.

The Trading Company has benefitted greatly from the large increase in visitors to the Museum in 2022-23 following the final easing of coronavirus restrictions. Though international tourism to London has not yet returned to pre-pandemic levels, we have seen a significant growth in domestic visitors, helped by our free special exhibition, Dippy Returns in 2022-23. Costs have increased owing to significant inflationary pressures, though the Trading Company has been able to grow its income to meet these costs. The Directors of the Trading Company continue to adopt the going concern basis for preparing its accounts.

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

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

The Benevolent Fund

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

The balance of funds held at 31 March 2023 was £51.6k (2022: £52.5k).

The Special Funds Trust

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

The balance of funds held at 31 March 2023 was £6.5m (2022: £6.8m).

The Funding Agreement

The Museum has a Funding Agreement with DCMS which sets out what the Government expects the Museum to deliver for the Grant-in-Aid it receives. The current funding allocation covers the period to 2024-25.

The Grant-in-Aid for the period 2021-22 to 2024-25 is as follows:

	2022	2023	2024	2025
	£'000	£'000	£'000	£'000
Resource Grant-in-Aid	41,614	43,392	43,301	43,598
Additional Grant-in-Aid for coronavirus support	8,998	3,100	–	–
Capital Grant-in-Aid				
Baseline	2,300	2,346	2,393	2,441
NHM Science and Digitisation Centre	3,150	6,350	5,710	34,850
Public Bodies Infrastructure fund	4,605	10,700	15,900	13,700
Total	60,667	65,888	67,304	94,589

The Museum received coronavirus support funding from DCMS of £3.1m (2022: £9.0m) in the year. This extra support funding ended in 2022-23.

Additional capital Grant-in-Aid of £10.7m was received in 2022-23 under the Public Bodies Infrastructure Fund to further support investment in fire precautions measures, re-roofing of the western Waterhouse galleries and other infrastructure renewal projects at South Kensington. For 2023-24 and 2024-25 the Museum has been provisionally allocated an additional £29.6m to continue fire precautions work, complete the re-roofing project and other critical infrastructure projects.

The Capital Grant-in-Aid budget for the new NHM Science and Digitisation centre now totals £201m. The Museum received £6.35m in 2022-23 with the next year's funding allocation reprofiled at £5.71m. Actual funds drawn down may differ and are subject to approval of the business case at specific stages.

For the purposes of consolidated budgeting and monitoring with DCMS during the year, reflecting HM Treasury guidance, a budget of £4.2m for the Museum's net operational non-capital research spend is reallocated to Capital Grant-in-Aid, thereby reflecting budgeting totals for 2022-23 of £39.192m for Resource Grant-in-Aid before COVID-19 Support and £6.546m for Capital Grant-in-Aid.

Financial risks arising from COVID-19, Brexit, inflation and the conflict in Ukraine

The Museum is dependent on self-generated income to fully deliver its strategic, charitable and statutory objectives. COVID-19 had an impact on all of these income streams, but recovery has been strong, driven by the growth and return of the domestic audience while we wait for the full recovery in international visitors. Future income projections continue to be reliant on maintaining our visitor numbers into the future. Following a successful year's trading and the outcome of the Government's Spending Review in 2021 the risk of future impact of COVID-19 on the Museum's finances is minimal, assuming no new variants or lockdowns.

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

Inflation increases in energy and other costs are managed as a whole or individual basis as appropriate. In terms of energy, the Museum purchases via The Energy Consortium and when available has some degree of short-term protection from forward contracts and in the longer term is continuing with a programme of energy saving measures in order to reduce its carbon output and costs, including a new combined heat and power system due for completion in 2023-24.

The continuing conflict in Ukraine and Russian financial sanctions does not directly expose the Museum to any specific financial risks.

Details of key strategic risks and mitigating actions are provided as part of the Governance Statement on page 29.

Reserves policy

As part of the annual planning and budget setting process the Trustees review and approve the level of readily available reserves (i.e. those funds that are not restricted or tied up as fixed assets), in particular the unrestricted General Reserve, appropriate to the scale, complexity and risk profile of the Museum. This takes into consideration the funding base which includes under the funding agreement with DCMS which covers the period 2022-23 to 2024-25 and self-generated trading income, scientific grant income and sponsorship, which can be variable.

The level of reserves was set to provide a comfort level for shortfalls in income and to underpin cash flow and budgetary risks arising from, in particular, capital expenditure projects. Taking an overall view of the annual operational expenditure and level of comfort required the Trustees approved at their Board meeting in February 2022 a minimum level of unrestricted general fund of £4m. At 31 March 2023 the general fund amounted to £1.3m more than the minimum at £5.3m.

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

Investment powers and policy

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

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

Sustainability

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

The Museum's full sustainability data will be published later in the year by The Department for Food and Rural Affairs as part of the Greening Government Commitments (GGC) report. The Museum has aligned its commitments within its Sustainable By Nature Plan with the GGC to ensure that the actions we take to reduce our impact meet, if not exceed, government requirements.

When we launched our Sustainable by Nature plan, we committed to reach net zero by 2035 and to make sure all new projects and buildings have sustainability embedded from the beginning. Within our grounds transformation project at South Kensington, the Urban Nature Project (UNP) and our plans for the NHM Science and Digitisation Centre near Reading, specific sustainability KPIs in climate change mitigation, resource efficiency, wellbeing, pollution control and responsible procurement, have been set across the design, construction and operation of the projects, to ensure a consistent approach to sustainability from concept through to operation.

The sustainability performance indicators are provided in Appendix 2 on page 22.

Achievements and activities in 2022-23

UNP construction began this year and we have contracted a third party to monitor and track the environmental performance. We are using diesel-free machinery on site, have translocated heathland and our ponds to retain existing biodiversity and our shed, water fountain and greenhouse have all been donated for reuse rather than being disposed of. Temporary ponds aren't widely used for the storage and translocation of living biodiversity which makes this trial an exciting opportunity to learn more about how this method works. We have also set sustainability KPIs for our backlog maintenance programme to ensure efficiencies are designed in and, roofing work on our Hall of Human Biology has been designed to improve thermal performance and reduce energy.

During 2022-23 the South Kensington site had no operational Combined Heat and Power (CHP) system due to major works being undertaken in our energy centre. This meant that the site needed to import all electricity required from the grid and use its gas boilers for providing heat only. Consequently, we have seen a significant drop in our gas emissions and a significant increase in our electricity emissions. A new Energy Manager joined the Museum during the year and will work with our energy partners to ensure the optimum benefit is achieved with minimum carbon impacts.

Along with the installation of a new CHP (due to complete construction in 2023-24), works have included replacement of an absorption chiller, new air source and water source heat pumps, and 136 solar panels on the roof of the Paleontology building at South Kensington, which are expected to generate approximately 46,000kWh of electricity. In addition, we have implemented several energy conservation measures and commenced the upgrade of our Building Management System. The savings from these works are estimated at approximately 600 tCO₂e per year.

Working with the Victoria and Albert Museum, the Science Museum and Imperial College, the Museum supported an application to the London Energy Accelerator Fund for a high-level feasibility study to be undertaken in the Exhibition Road area of South Kensington to identify opportunities for expanding the heat network and to support the strategic planning of the decarbonisation of the Estate.

Overall the Museum's waste production (excluding estates infrastructure works) has increased compared to the previous year reflecting a full year of opening to the public. Our recycling rate has dropped and will be a focus for the year ahead. However, total waste quantities remain lower than pre-pandemic levels. We disposed of a little under 2 tonnes of ICT waste this year, over half of which was reused externally, and the remaining items were recycled.

Water consumption has increased from the previous year though still remains in line with our reduction pathway. This year, our hard services contractor has been engaged to support our water reduction goals and opportunities identified will be trialled and implemented in the year ahead if viable.

The Museum paper purchases have dropped significantly this year by 90%. This is due to reducing the number of printing devices on site at South Kensington during 2022-23 and reduced stock levels required reflecting the continued trend for home working, use of laptops and buying in bulk in 2021-22. Museum publications and exhibition materials are not included in these figures.

We have also cut the use of single use plastics across our site, in particular reducing the amount of plastic packaging being sold by our catering and retail operations.

The Sustainability team works closely with the Procurement team to integrate sustainability considerations into the Museum's purchasing activity. This year the Museum revised and updated the sustainability section of its Responsible

Procurement Policy and now includes a requirement for all transactions of over £25,000 to include sustainability in contract award criteria.

Fundraising Regulation

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

The Trustees receive progress reports throughout the year to review and oversee all aspects of fundraising as part of their statutory responsibilities. The Museum has a number of feedback mechanisms in place for the public as detailed on its website, and responds to all questions, complaints and comments in a timely and transparent way. No fundraising complaints have been received by the Museum in 2022-23 (2022: nil).

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

Payment of creditors

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

Sir Patrick Vallance
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

4 July 2023

Appendix 1

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

Performance indicator	2023 Outturn	2022 Outturn	2021 Outturn	2020 Outturn	2019 Outturn
Number of days open^[4]	361	312	85	349	362
Visitors					
Total number of visitors (South Kensington and Tring) (k) ^[1]	5,302	2,469	302	5,304	5,493
Number of child visitors (k) ^{[1][2]}	1,667	788	94	1,252	1,512
Number of over 60s visitors (k) ^[2]	368	203	15	437	343
Number of UK visitors from lower socio-economic groups (NS-SEC Groups 5-8) aged 16 and over (k) ^[2]	325	244	53	198	227
% of visitors who thought the museum was excellent / good ^[2]	93	90	94	99	98
Digital					
Number of unique website visits (m) ^[1]	17.1	17.3	15.3	14.3	12.8
Learning					
Facilitated and self-directed visits by visitors under 18 years old and in formal education (k) ^{[1][3]}	187.7	40.4	-	259.9	231.2
The number of instances where visitors under 18 years old have participated in on-site activities (k) ^{[1][3]}	156.1	55.3	10.5	269.5	300.0
Science					
Number of peer reviewed research publications	739	494	878	511	482
Value of major research grants won (£m total value to the Museum)	5.3	3.0	5.0	6.8	4.4
Number of visitor days for visiting researchers	6,342	3,041	77	12,901	15,125
Number of UK loan venues ^[1]	223	209	201	97	96
Number of enquiries to Science Group	1,516	1,199	4,991	7,061	4,501
Income generation					
Gross income from admissions (£m) ^[5]	3.04	3.84	0.21	2.85	3.46
Net income/(loss) from trading activities (£m) ^[1]	15.6	10.3	-1.4	9.6	9.0
Fundraising income (£m)	9.2	6.4	3.0	6.9	6.6
Charitable giving					
Total income from charitable giving (£m) ^[1]	9.8	6.7	2.8	8.7	7.7
Charitable giving as a % of Grant-in-Aid ^[1]	15	11	5	19	18

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

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

[3] Due to lockdown and social distancing requirements in 2020-21 there were no formal education visits onsite and the offer of onsite activities was reduced.

[4] The number of days open for the year ended in 2020 has been restated from 363 to 349.

[5] In 2022-23 the number of paid for exhibitions on show was 2 compared to 3 in 2021-22.

Appendix 2

Sustainability performance indicators

Performance Indicator	Measure / Unit	2018 Baseline	2021	2022	2023
Visitor numbers	Thousands	4,713	302	2,469	5,302
Greenhouse Gas Emissions	Scope 1 (tn CO ₂ e)	10,197	11,198	10,854	4,745
	Scope 2 (tn CO ₂ e)	3,009	633	1,539	2,849
	Scope 3 Travel (tn CO ₂ e)	Unavailable	7	78	585
	Total ^[2]	13,206	11,838	12,471	8,178
	Consumption per m ² (kg CO ₂ e/m ²)	96	86	91	59
Related Energy Consumption	Gas Consumption (MWh)	55,370	60,901	58,532	25,993
	Electricity Consumption (MWh)	16,422	14,794	18,216	15,148
	Total (MWh) ^[2] – Gross Shared Service	71,792	75,695	76,749	Unavailable
	Total (MWh) ^[2] – NHM only	Unavailable	Unavailable	Unavailable	41,141
	Total Energy consumption per m ² GIA (kWh/m ²)	Unavailable	Unavailable	Unavailable	299.10
Air travel	International (thousand km) ^[1]	Unavailable	Unavailable	849	3,988
	Domestic (thousand km) ^[1]	Unavailable	Unavailable	-	4
Related Expenditure	Expenditure on energy (£'000)	Unavailable	1,843	3,227	2,704
	Expenditure on business travel (£'000)	Unavailable	6	126	473
Waste disposal	Hazardous Waste (tonnes)	12	4	8	3
	Landfill (tonnes)	19	1	-	-
	Recycled (tonnes)	240	61	108	114
	ICT waste (tonnes)	-	-	2	2
	Composted (tonnes)	18	9	21	43
	Incinerated with energy recovery (tonnes)	-	-	-	-
	Incinerated without energy recovery (tonnes)	443	55	132	201
	Total ^[3]	732	130	271	363
	Waste Consumption per head (kg/visitor)	0.16	0.43	0.11	0.07
Expenditure on waste disposal	Hazardous (£'000)	11	21	11	11
	Landfill (£'000)	2	-	-	-
	Recycled (£'000)	36	8	9	9
	ICT waste (£'000)	-	-	-	-
	Composted (£'000)	-	2	4	5
	Incinerated with energy recovery (£'000)	-	-	-	-
	Incinerated without energy recovery (£'000)	90	21	19	36
	Total (£'000)	139	52	43	61
Total water consumption	m ³	98,606	45,814	58,372	68,352
	Expenditure (£'000)	150	145	112	116
	Total Water Consumption per m ² GIA (m ³ /m ²)	0.72	0.33	0.42	0.50
Total paper consumption	A4 reams	3,357	281	2,383	248
	A3 reams	122	9	30	18
	Expenditure (£'000)	9	1	7	3

[1] This is a new reporting requirement in 2022-23 and not all comparatives are available.

[2] The figures for previous years include electricity generated for the Science Museum and Victoria and Albert Museum under our shared ring main. For 2022-23 the figure is for the Natural History Museum only.

[3] Baseline waste tonnage has been changed to exclude project waste to make it comparable to other years. Project waste from estate infrastructure works has not yet been accounted for this year and excluded from previous years' figures.

Report on the Remuneration of Senior Management

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

The Trustees receive no remuneration.

Service contracts

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

The senior staff of the Museum hold appointments which are open-ended with a notice period of either three or six months. Termination payments are in accordance with contractual terms. During the year 2022-2023 there were no compensation or severance payments to senior management.

Remuneration Committee

The Board of Trustees has established a Remuneration Committee to support it in undertaking its responsibilities for overseeing the performance and remuneration of the Museum Director, and to consider the annual pay award for all staff.

The membership of the Remuneration Committee for 2022-23 comprised:

The Lord Green of Hurstpierpoint

Professor Dame Janet Thornton DBE FRS

Dame Frances Cairncross DBE FRSE

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

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

Senior staff remuneration is dependent on affordability, delivery and performance, and when determining salary levels, a number of factors are taken into account:

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

For the Director, objectives are set and agreed with the Chair of Trustees based on the Museum's annual operating plan which aligns to the delivery of the Museum Strategy. At the end of the year the Chair of Trustees assesses and rates the Director's performance against these objectives for consideration by the Remuneration Committee and assessment of pay award including an annual performance award which is up to 15% of salary. For 2022-23, as for 2021-22, the Director asked not to be considered for a performance award and no payment has been made. No other senior staff are eligible for a performance award.

Salary and pension entitlements

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

Remuneration

	Salary		Benefits in kind		Pension Benefits ¹		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	£000	£000	£000	£000	£000	£000	£000	£000
Dr Douglas Gurr <i>Museum Director, Accounting Officer</i>	180-185	175-180	5.7	4.9	–	–	185-190	175-180
Neil Greenwood <i>Executive Director of Finance and Corporate Services</i>	130-135	120-125	–	–	(1)	14	130-135	135-140

The above information has been subject to audit.

Salary

'Salary' includes gross salary; and any allowance to the extent that it is subject to UK taxation. This presentation is based on payments made by the Museum and thus recorded in these accounts.

Benefits in kind

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

Fair pay

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

The remuneration of the highest-paid director in the financial year 2022-23 was £185,000-£190,000 (2022: £175,000-£180,000). This compares to the following:

	Salary (£)		As a multiple of highest-paid director	
	2023	2022	2023	2022
Upper quartile	42,982	41,111	4.3	4.3
Median salary	35,798	34,421	5.2	5.2
Lower quartile	30,577	28,347	6.1	6.3

The highest paid director's salary and taxable benefits increased by 3.4% due to a museum-wide pay award. The average employee's salary also increased by 5.4%, and no bonuses were paid to any employee. In 2022-23, no employees received remuneration in excess of the highest paid director (2022: none). Remuneration ranged from £21,564– £190,000 per annum.

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

The above information has been subject to audit.

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

Pension benefits

	Accrued pension at pension age as at 31 March 2023 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV ² at 31 March 2023 £'000	CETV ² at 31 March 2022 £'000	Real increase in CETV ² £'000
Dr Douglas Gurr Museum Director, Accounting Officer	–	–	–	–	–
Neil Greenwood Executive Director of Finance and Corporate Services	55-60 plus a lump sum of 145-150	0-2.5 plus a lump sum of 0	1,296	1,188	(21)

The above information has been subject to audit.

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

From 1 April 2019 employee contributions within PSCPS continued to be salary-related and ranged between 4.6% and 8.05% of pensionable earnings for **classic**, **premium**, **classic plus**, **nuvos** and **alpha** members. Increases to employee contributions will apply from 1 April 2019. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In **alpha** pension accrual is similar to **nuvos** but the accrual rate is 2.32% of pensionable earnings. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. The pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The pension age for **alpha** is the later of either the members State Pension Age (SPA), or age 65.

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

From 1 April 2017, all new employees, who are not eligible for one of the Civil Service Pension schemes, are auto-enrolled into the NHM defined contribution Pension Scheme. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an

² Cash Equivalent Transfer Value. Taking account of inflation, the CETV funded by the employer has decreased in real terms.

employee chooses to contribute more than 4%, the Museum will match up to a further 2%. Further details can be found at <http://avivapensiondocuments.co.uk/NaturalHistoryMuseum>

Cash Equivalent Transfer Values (CETV)

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

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

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Other information

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

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

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2023			2022		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	12	12	–	2	2
£10,000 – £25,000	–	4	4	1	5	6
£25,000 – £50,000	–	1	1	–	2	2
£50,000 – £100,000	–	1	1	–	1	1
£100,000 – £150,000	–	–	–	–	–	–
Total number of exit packages	–	18	18	1	10	11
Total resource cost (£)	–	201,687	201,687	16,140	244,067	260,207

The above information has been subject to audit.

Redundancy and other departure costs have arisen mainly as a result of expiring fixed term contracts and some restructuring within the Museum. There were no special severance payments in the year (2022: 1 of £22,000).

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

Sir Patrick Vallance
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

4 July 2023

Statement of Trustees' and Director's Responsibilities

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

In preparing the Museum's accounts the Director as Accounting Officer and Trustees are required to:

- have regard for the Government Financial Reporting Manual;
- observe the Accounts Direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Museum will continue in operation.

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

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

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

Sir Patrick Vallance
Chair of the Board of Trustees

Dr Douglas Gurr
Director and Accounting Officer

4 July 2023

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

Governance Statement

The Governance Framework

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

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

In 2020 the Board approved a new Museum strategy to 2031, which sets clear strategic objectives and this is supported by an annual operating plan. Progress against the operating is reported to the Board which is satisfied that plans are in progress for delivery.

During the year 2022-23 the following served as Trustees:

	Attendance at Board Meeting (max 4)	Attendance at Audit and Risk Committee (max 4)	Attendance at Remuneration Committee (max 1)	Attendance at Infrastructure Committee (max 5)
The Lord Green of Hurstpierpoint <i>(Retired 31 March 2023; Chair to 21 February 2023; Member of the Remuneration Committee; Member of the Infrastructure Committee)</i>	4/4	–	1/1	3/5
Sir Patrick Vallance KCB FRS <i>(Appointed 1 October 2022; Chair from 22 February 2023; Member of the Remuneration Committee from February 2023; Member of the Infrastructure Committee from February 2023)</i>	2/2	–	–	–
Harris Bokhari OBE <i>(Chair of the Audit and Risk Committee from 28 October 2022)</i>	4/4	–	–	–
Dame Frances Cairncross DBE FRSE FRS <i>(Member of the Remuneration Committee)</i>	3/4	–	1/1	–
Professor Dame Jane Frances DCMG FRS <i>(Appointed 1 February 2023; Member of the Audit and Risk Committee)</i>	1/1	0/1	–	–
Professor Yadvinder Malhi CBE FRS <i>(Member of the Infrastructure Committee)</i>	2/4	–	–	3/5
Hilary Newiss <i>(Retired 4 January 2023; Chair of the Audit and Risk Committee to 27 October 2022)</i>	3/3	3/3	–	–
Robert Noel <i>(Chair of the Infrastructure Committee)</i>	3/4	–	–	5/5

	Attendance at Board Meeting (max 4)	Attendance at Audit and Risk Committee (max 4)	Attendance at Remuneration Committee (max 1)	Attendance at Infrastructure Committee (max 5)
Simon Patterson <i>(Retired 4 January 2023)</i>	3/3	–	–	–
Mark Read <i>(Appointed 1 June 2022)</i>	3/3	–	–	–
Professor Sir Stephen Sparks CMG CBE FRS <i>(Retired 31 December 2022; Member of the Audit and Risk Committee)</i>	3/3	3/3	–	–
Dr Sarah Thomas <i>(Member of the Infrastructure Committee)</i>	4/4	–	–	5/5
Professor Dame Janet Thornton DBE FRS <i>(Member of the Remuneration Committee)</i>	3/4	–	1/1	–

Colin Hudson and Luke Fairless serve as independent members of the Audit and Risk Committee and respectively both attended **four** (of four) meetings during 2022-23.

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

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

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

- The **Audit and Risk Committee** generally meets four times a year to receive reports on risk management, including on the management of specific major risks, on any internal control issues from the Risk and Assurance unit, on matters arising from external audits, to review progress on the implementation of recommendations, to approve the annual audit plan, to review the annual accounts and recommend their approval to the Board of Trustees, and also receives a sample of audit reports. Specifically in the year the Committee received and reviewed reports on collections security and corporate governance, approved the Audit and Risk Charter and Strategy including an updated Risk Management Policy, supported the review of the full risk universe, and received presentations on IT operational resilience, as well as management of protest activity. It also reviewed the annual assurance reports on physical and cyber security and information governance, collections, health and safety, and the annual report from the Risk and Assurance manager. The Chair of the Audit and Risk Committee reports any matters arising directly to the Board.
- An inquorate meeting was held in February 2023 which was the result of delays in the process administered by the Cabinet Office for the appointment of new trustees to replace those who had completed their term of office. Matters from that meeting that required approval were considered at the subsequent Board of Trustees meeting.
- The Remuneration Committee generally meets once a year to consider pay proposals.
- The Infrastructure Committee provides support to the Board of Trustees regarding stewardship of the Museum's real estate including the development of a long term property strategy and developing and overseeing delivery of a masterplan. During the year the Committee met **5** times and received reports on the NHM Science and Digitisation Centre (NHM Unlocked), the Urban Nature Project, the energy centre **and core estate investment**.

A Nominations Committee is convened and meets as required to assist the Chair in making Trustee and senior appointments. There were **no** meetings during 2022-23.

In addition, there is a **Science Advisory Committee** which provides advice on the Museum's scientific activities.

The Board carries out an externally facilitated review of its performance and effectiveness every three years with an internal self-assessment carried out in intervening years. The last review was carried out during

2019-20 which concluded that the Board operated effectively, with a plan developed for the implementation of recommendations.

Compliance with the Corporate Governance Code

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

Scope of responsibility in respect of internal control

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

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

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

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

The purpose of the system of internal control

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

The system of internal control is based on a process designed to identify the principal risks, to evaluate the nature and extent of the risks, and to manage them efficiently, effectively and economically. This process has been in place throughout the year ended 31 March 2023 and up to the date of signature of the accounts.

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

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

Specifically, the Executive Board has responsibility for:

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

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

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

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

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

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

Strategic Risk Area	Key Mitigations
<p>Public Offer</p> <p>IF there is inability to invest in the permanent public offer & present coherent content messages THEN this will lead to a reduced visitor experience, lower visitor numbers, lost income & reputational damage.</p>	<ul style="list-style-type: none"> ● Public Space Programme Plan and development of gallery proposals ● Temporary Exhibitions Programme to deliver high impact, marketable, attractive propositions for funders and visitors ● Gallery enhancement rolling programme of updates to public spaces. ● Gallery refurbishment of former Hall of Human Biology ● Wayfinding and Signage project
<p>Government Capital Support</p> <p>IF we do not mobilise effectively to spend DCMS capital funds within the required timeframe THEN we will impact our relationship with DCMS and will not have delivered the necessary projects to support our long-term objectives</p>	<ul style="list-style-type: none"> ● Updates to and meetings with DCMS officials ● Reorganised and resourced Estates / Projects function with opportunity for increased effectiveness / efficiencies. ● Effective programme monitoring of £29.6m funds to be received from DCMS Public Bodies Infrastructure Fund.
<p>Business model</p> <p>IF we fail to expand our self-generated income, THEN our business model will not be viable nor will we be able to meet increasing cost base [inflation, energy, business rates] and we will not achieve the ambitions set out in our vision and strategy</p>	<ul style="list-style-type: none"> ● Annual business planning cycle covering 3-year financial planning, including preparation and review of income business plans ● Monthly financial position reviewed by Management Board ● Quarterly review of operating plan with adjustments to financial forecasts as required ● Quarterly review of financial performance by the Audit & Risk Committee & the Board of Trustees ● Innovation Unit created – work underway to monetise science expertise ● Agreement of fundraising priorities

Strategic Risk Area	Key Mitigations
<p>Development income</p> <p>IF NHM profile and activities are not sufficiently attractive and Development activities are unable to increase the prospect pipeline THEN fundraising income will not meet NHM investment ambitions.</p>	<ul style="list-style-type: none"> ● Development of long-term fundraising portfolio aligned to major projects ● New brand development ● Investment in prospect research function and an increased focus on prospect pipeline strategy and monitoring ● Strategy for and schedule of engagement activities for prospects and key stakeholders;
<p>Collections care</p> <p>IF we fail to provide a) appropriate storage & storage environment (onsite & offsite) b) relevant expert curatorial staff who understand the collections and are skilled in both collections care and taxonomic groups THEN we undermine long term preservation, conservation & accessibility, and use of the NHM collections.</p>	<ul style="list-style-type: none"> ● Process to record the environmental conditions for specific collection types and spaces ● Integrated pest management scheme across all museum sites ● Delivery of NHM Unlocked funding approved ● Protecting the Collections Programme to address urgent substandard storage ● Investment in fire protection measures ● Appointment of skilled and collections-focused staff with on going training and monitoring of competencies ● Increased registrar resources in 2023-24 ● Maintain and innovate best practice in collections care and management through policies, procedures, and specific projects
<p>Digitisation</p> <p>IF we fail to deliver large scale databasing & digitisation of collection THEN this will undermine curation, research competitiveness & importance of collection and the delivery of NHM Unlocked outcomes.</p>	<ul style="list-style-type: none"> ● Centralised programme focused on innovation of hardware & software for digitisation workflow & capacity-building ● Prioritisation processes for digitisation & databasing work ● Infrastructure provides access to specimen information and digital library content via collaborative national and international networks focused on specimen databasing and digitisation, including EU, international & national levels ● Working with other collections-holding organisations, corporate partnerships/philanthropy to make the case to government for funding
<p>NHM Unlocked</p> <p>IF we do not deliver NHM Unlocked to time, quality & budget. THEN we will suffer from reputational risk with key stakeholders & financial risk.</p>	<ul style="list-style-type: none"> ● £220m programme funding secured ● Well developed programme delivery model ● Maintain positive and transparent relationship with DCMS and other government agencies, and work as required to secure approvals ● Fully resourced programme combining external and internal resources

Strategic Risk Area

Key Mitigations

Urban Nature Project

IF we do not deliver the Urban Nature Project to time, quality & budget THEN we will suffer from reputational risk with key stakeholders & financial risk.

- Monthly reporting to Project board with and finance sub committee
- Reporting to Infrastructure Committee
- Engagement with local government, TfL, and other local stakeholders (residents)
- Regular reporting to Executive Board
- Fully resourced programme combining external and internal resources
- Maintain good working relationship with main contractor to enable continued progress on site and swift collaborative problem solving
- Planning for transition to business as usual in 2024, and provisional budget provided.

Volume of construction

IF we set out to deliver too many construction related projects at one time, THEN there is a risk that the Museum does not have the capacity to deliver in terms of logistics, space and stakeholder input. This could lead to delays to progress essential works or clashes resulting in H&S concerns.

- Operating Plan deliverables reviewed regularly to understand / address any conflicts.
- Manage interactions between projects and BAU through various forums
- Ensure that Management Board have clear sight of interfacing activities to enable effective executive decision making on prioritisation and re-programming.

Estate maintenance

IF insufficient resources are allocated to track and plan repairs and maintenance activities, these will be prioritised to legal compliance and H&S works [i.e., what is currently funded]. THEN this may result in lower priority being given to other activities or BAU activities being curtailed.

- Process to improve understanding of the asset lifecycle
- Focus on compliance with statutory requirements managed
- Annual allocations for planned preventative and reactive maintenance
- Annual allocation for core infrastructure programme
- £40m allocation (2022-25) from DCMS Public Bodies Infrastructure Fund for most critical investment including ongoing commitment to fire precautions work.
- ISO 45001 and ISO 14001 external audits
- Scrutiny of the programme by Infrastructure Committee.

Recruitment and retention

IF we cannot keep in line with market rates for salaries or fail to retain talent in an increasingly challenging jobs market THEN we will have reduced capacity to deliver robust operations and act with pace to deliver our goals and plans and we risk possible strike action.

- Close working between HR and teams where there are acute challenges
- Pay and reward project in progress
- Focus on internal recruitment to provide pathways for progression and career development
- Embedding consistent and effective appraisal and performance approach
- Regular meetings and open discussions with Trade Union.

Strategic Risk Area	Key Mitigations
<p>External scrutiny</p> <p>IF we do not use high judgement and closely monitor rising levels of external scrutiny on complex and potentially divisive topics (such as diversity & inclusion, repatriation, colonial history, gift acceptance, sustainability, advocating for nature & other topics) THEN we may find ourselves on the wrong side of a reputationally damaging external debate.</p>	<ul style="list-style-type: none"> ● Diversity strategy and action plan supported by EDI Steering Committee ● Detailed due diligence process including Ethics Advisory Panel ● Understanding & Sharing the Collection Principles (ABC approach) ● Close monitoring of press reputation and external landscape.
<p>Digital estate</p> <p>IF major parts of our digital infrastructure or processes fail, or there is inadequate investment THEN we may suffer business and research impact including inability to meet financial targets, inability to engage audiences, reputational and legal damages, loss of corporate, collection and research data etc.</p>	<ul style="list-style-type: none"> ● Operating plan in place, and focus on essential operations ● Governance and oversight by Technology Governance Board, to prioritise and align major platform technology investments programme ● Increased understanding and visibility of technical debt and future investment needs.
<p>Digital estate</p> <p>IF major parts of our digital infrastructure or data is sabotaged by cyber attack THEN we may suffer business and research impact including an inability to meet financial targets, an inability to engage audiences, reputational and legal damages, loss of corporate, collection and research data etc.</p>	<ul style="list-style-type: none"> ● Dedicated IT security team ● Security strategy and detailed security plan and posture.
<p>External crises</p> <p>IF we have another black swan event THEN our ability to achieve our vision, goals and plans will be disrupted substantially again.</p>	<ul style="list-style-type: none"> ● Resilience planning – business continuity and crisis management ● Review via operating plan Audit and Risk Committee including horizon scanning ● Updated risk management policy and annual risk universe review.

Significant internal control activity during the year

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

- Continuing investment in Museum wide security and fire safety infrastructure and further embedding of physical security systems and processes.
- Continuing investment in IT systems resilience.
- A cyber crisis exercise was carried out, with an action plan in progress.
- Continuing certification to ISO 45001 (health and safety management system), and ISO 14001 (the environmental management system).
- Significant work continued on the implementation of the General Data Protection Regulation (GDPR), and information management policies overseen by the Information Management Group.
- Online training for staff on health and safety, and information management, including cyber security, fraud and bribery awareness, and counter terrorism is mandated on a continuous basis.
- The membership of the Crisis Management Team and governance was reviewed and revised.
- A revised Business Continuity Management System was prepared and is in place.

Significant internal control matters arising during the year

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

Risks to data and information

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

There were no personal data incidents or breaches during the year which required reporting to the Information Commissioner.

Review of effectiveness

We have responsibility for reviewing the effectiveness of the system of internal control and this review for 2022-23 has been informed by the work of the Museum's Risk and Assurance Unit including the review of the controls in place for effective management of information risk and:

- the programme of audits carried out by the Health and Safety Unit and the Head of Health and Safety's annual report to Trustees and the Audit and Risk Committee;
- the programme of external audits on the environmental management system;
- the Annual Security Report to Trustees and the Audit and Risk Committee which includes physical and cyber security risk, information risk management and assurance by the Head of Security, the Chief Information Officer and the Data Protection Officer;
- the annual collections report from the Registrar;
- comments made by the external auditors in their management letter.

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

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

The Risk and Assurance unit consists of one full time equivalent and during the year the audit programme was supported by the use of external services provided via the Government Internal Audit Service.

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

The annual report on audit activity, which includes the Risk and Assurance Manager's opinion on the adequacy and effectiveness of the risk management, control and governance processes is considered by the Audit and Risk Committee. The Committee reviewed and agreed with the report for 2022-23 which concluded that the overall level of assurance was moderate, and this was also reviewed and endorsed by the Board of Trustees. The Committee also reviewed and confirmed that it was satisfied with the quality, professionalism and thoroughness of the internal audit work during the year.

Sir Patrick Vallance
Chair of the Board of Trustees

Dr. Douglas Gurr
Director and Accounting Officer

4 July 2023

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

Opinion on financial statements

I certify that I have audited the financial statements of the Natural History Museum and its Group for the year ended 31 March 2023 under the Museums and Galleries Act 1992.

The financial statements comprise the Natural History Museum and its Group's:

- Consolidated balance sheet as at 31 March 2023;
- Consolidated and Museum Statement of Financial Activities and Consolidated Statement of Cash Flows for the year ended 31 March 2023; and
- The related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Group's and of Natural History Museum's affairs as at 31 March 2023 and of their net income after gains and losses on investments for the year then ended; and
- have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom (2022)*. 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 am independent of the Natural History Museum and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Natural History Museum and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Trustees and the Director as Accounting Officer 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.

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 part of the Report on the Remuneration of Senior Management to be audited has been properly prepared in accordance with Secretary of State directions issued under the Museum and Galleries Act 1992.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Annual Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Museums and Galleries Act 1992; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Natural History Museum and its Group 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 by the Natural History Museum or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Secretary of State Direction issues under the Museums and Galleries Act 1992 have not been made or parts of the Report on the remuneration of senior management to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

Responsibilities of the Trustees and Director for the financial statements

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

- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Natural History Museum from whom the auditor determines it necessary to obtain audit evidence;
- internal controls as Trustees and the Director determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the group and the Natural History Museum and its Group'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 as Accounting Officer 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 Museums and Galleries Act 1992.

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud we:

- considered the nature of the sector, control environment and operational performance including the design of the Natural History Museum and its Group's accounting policies
- inquired of management, the Natural History Museum and its Group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Natural History Museum and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Natural History Museum and its Group's controls relating to Museum and Galleries Act 1992, Charities Act 2011 and Managing Public Money.
- inquired of management, Natural History Museum and its Group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and the relevant internal and external specialists, including land and building valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Natural History Museum and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Natural History Museum and the group's framework of authority and other legal and regulatory frameworks in which the Natural History Museum and its Group operates in. I focused

on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Natural History Museum and its group. The key laws and regulations I considered in this context included the Museum and Galleries Act 1992, the Charities Act 2011, Managing Public Money, employment law, tax and pensions legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board of Trustees and internal audit reports; and
- In addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

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

7 July 2023

Consolidated Statement of Financial Activities for the year ended 31 March 2023

	Notes	Unrestricted Funds		Restricted Funds	Permanent Endowment Funds	Total Funds	Unrestricted Funds		Restricted Funds	Permanent Endowment Funds	Total Funds
		Designated	General	£000	£000	£000	Designated	General	£000	£000	£000
		£000	£000				£000	£000			
Income and endowments from											
Donations and legacies											
Grant-in-Aid	3	-	65,888	-	-	65,888	-	60,667	-	-	60,667
Coronavirus job retention scheme	5	-	-	-	-	-	-	-	131	-	131
National lottery		-	-	601	-	601	-	-	123	-	123
Donations		-	3,737	5,131	-	8,868	-	2,980	3,319	-	6,299
Donations in kind		-	-	373	-	373	-	-	319	-	319
Charitable activities											
Admissions and memberships		-	4,230	-	-	4,230	-	5,152	-	-	5,152
Scientific and other grants		-	-	6,290	-	6,290	-	-	5,311	-	5,311
Other trading activities											
Trading activities	4	-	23,961	-	-	23,961	-	15,637	-	-	15,637
Sponsorship	4	-	2,698	-	-	2,698	-	546	-	-	546
Shared services		2,228	35	-	-	2,263	1,896	91	-	-	1,987
Other income	5	-	1,218	80	-	1,298	-	1,090	-	-	1,090
Investments	5	160	314	29	-	503	115	5	64	-	184
Total income		2,388	102,081	12,504	-	116,973	2,011	86,168	9,267	-	97,446
Expenditure on											
Raising funds											
Costs of generating voluntary income	7	570	2,384	115	-	3,069	576	2,263	118	-	2,957
Trading activities	7	2,431	12,819	-	-	15,250	1,992	8,988	-	-	10,980
Charitable activities											
Public Engagement	7	5,907	31,569	2,114	-	39,590	5,765	27,845	1,250	-	34,860
Scientific curation and research	7	7,201	31,069	8,436	-	46,706	7,063	26,449	7,232	-	40,744
Other											
Loss on disposal of fixed assets	7	10	-	-	-	10	-	-	-	-	-
Total expenditure		16,119	77,841	10,665	-	104,625	15,396	65,545	8,600	-	89,541

	Notes	Unrestricted Funds		Restricted Funds	Permanent Endowment Funds	Total Funds	Unrestricted Funds		Restricted Funds	Permanent Endowment Funds	Total Funds
		Designated	General			2023	Designated	General			2022
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net (expenditure)/income before gains and losses on investments		(13,731)	24,240	1,839	-	12,348	(13,385)	20,623	667	-	7,905
Net (losses)/gains on investments	11	(92)	-	(50)	(151)	(293)	75	-	79	357	511
Net (expenditure)/income after gains and losses on investments		(13,823)	24,240	1,789	(151)	12,055	(13,310)	20,623	746	357	8,416
Transfers											
Gross transfers between funds	19	19,795	(24,092)	4,297	-	-	18,805	(19,302)	497	-	-
Net (expenditure)/income before other recognised gains and losses		5,972	148	6,086	(151)	12,055	5,495	1,321	1,243	357	8,416
Other recognised gains/(losses)											
Gains/(losses) on indexation and revaluation of fixed assets for charity's own use	8	22,289	-	7,783	-	30,072	17,155	-	3,146	-	20,301
Gain/(loss) on foreign exchange		-	122	-	-	122	-	(321)	-	-	(321)
Net movement in funds		28,261	270	13,869	(151)	42,249	22,650	1,000	4,389	357	28,396
Reconciliation of funds											
Total funds brought forward		569,113	5,000	101,076	4,503	679,692	546,463	4,000	96,687	4,146	651,296
Total funds carried forward	19	597,374	5,270	114,945	4,352	721,941	569,113	5,000	101,076	4,503	679,692

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

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

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

Consolidated and Museum Balance Sheets as at 31 March 2023

		Group	Group	Museum	Museum
		2023	2022	2023	2022
		£000	£000	£000	£000
Fixed assets	Note				
Tangible assets	8	666,356	632,214	665,607	631,268
Intangible assets	9	366	455	366	454
Heritage assets	10	8,290	8,120	8,290	8,120
Investments	11	6,154	6,446	300	300
Total fixed assets		681,166	647,235	674,563	640,142
Current assets					
Stock	13	1,393	1,199	206	226
Debtors	14	12,540	9,919	22,720	12,552
Cash at bank and in hand	15	48,515	39,683	32,312	32,354
Total current assets		62,448	50,801	55,238	45,132
Liabilities					
Creditors: amounts falling due within one year	17	(21,602)	(18,275)	(14,370)	(12,345)
Net current assets		40,846	32,526	40,868	32,787
Total assets less current liabilities		722,012	679,761	715,431	672,929
Provision for liabilities and charges	22	(71)	(69)	(71)	(69)
Net assets		721,941	679,692	715,360	672,860
The funds of the charity					
Permanent endowment funds	19	4,352	4,503	-	-
Restricted funds					
Restricted income funds		65,917	59,831	64,869	58,742
Restricted revaluation reserve		49,028	41,245	49,028	41,245
Total restricted funds	19	114,945	101,076	113,897	99,987
Unrestricted funds					
Designated funds		224,635	218,663	223,006	216,776
Designated revaluation reserve		372,739	350,450	372,739	350,450
General funds	19	5,270	5,000	5,718	5,647
Total unrestricted funds		602,644	574,113	601,463	572,873
Total charity funds	19	721,941	679,692	715,360	672,860

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

Sir Patrick Vallance
Chair of the Board of Trustees

Dr. Douglas Gurr
Director and Accounting Officer

4 July 2023

Consolidated and Museum Statement of Cash Flows for the year ending 31 March 2023

		Group	Restated Group	Museum	Restated Museum
		2023	2022	2023	2022
	Note	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash provided by operating activities	21	24,323	20,913	15,697	19,857
Cash flows from investing activities:					
Interest income received	5	314	5	250	5
Investment income received	5	189	179	-	-
Purchase of tangible fixed assets	8	(16,023)	(7,262)	(16,018)	(7,082)
Purchase of intangible fixed assets	9	(69)	-	(69)	-
Purchase of heritage assets	10	(24)	(50)	(24)	(50)
Purchase of investments	11	(5,437)	-	-	-
Disposal of investments	11	5,437	-	-	-
Net cash used in investing activities		(15,613)	(7,128)	(15,861)	(7,127)
Cash flows from financing activities:					
Loan repayment to DCMS	17	-	(548)	-	(548)
Net cash used in financing activities		-	(548)	-	(548)
Net increase / (decrease) in cash and cash equivalents	15	8,710	13,237	(164)	12,182
Cash and cash equivalents at the beginning of the year		39,683	26,767	32,354	20,493
Change in cash and cash equivalents due to exchange rate movements		122	(321)	122	(321)
Cash and cash equivalents at the end of the year		48,515	39,683	32,312	32,354

The prior year purchase of tangible fixed assets has been restated to reflect the movement in capital accruals.

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

Notes to the Financial Statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for the inclusion of certain fixed assets at their value to the business by reference to current costs and of investments at market value. The accounts are prepared with regard to the requirements of the Government Financial Reporting Manual, and are compliant with the Financial Reporting Standard Applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), and applicable accounting standards as modified by the Accounts Direction given by the Secretary of State for Culture, Media and Sport (DCMS), with the approval of H.M.Treasury in accordance with the Museums and Galleries Act 1992.

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

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

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

The Natural History Museum is a public benefit entity.

Going concern status

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

Incoming resources

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

Grant-in-Aid from the Department for Culture, Media, and Sport (DCMS) is recognised in the Statement of Financial Activities on receipt. Grant-in-Aid for specific projects or activities is credited to Restricted Funds and all other Grant-in-Aid income is credited to General Funds. However, within the Statement of Funds (Note 19), Grant-in-Aid income allocated to capital expenditure other than specific projects is transferred from General Funds to Unrestricted Designated Funds and Grant-in-Aid income allocated to acquisitions for the collection is transferred from General Funds to Restricted Funds.

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

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

The Museum recognises the income of a charged exhibition in the year(s) in which the exhibition takes place. Income received for an exhibition taking place in a future period is treated as deferred income in the Balance

Sheet. Expenditure for the related exhibition is charged in the period in which the goods and services have been received.

Membership income is recognised in the period it is received.

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

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

Expenditure

All expenditure is accounted for on an accruals basis.

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

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

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

Significant accounting estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis.

Amortisation

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

Depreciation

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

Provisions

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

Valuation of property, plant and equipment

Property, plant and equipment represents a significant proportion of the Museums balance sheet and therefore the estimates and assumptions made to determine their carrying value and related depreciation are important to the Museums reported financial position and total expenditure. Further information can be found in Note 8.

Valuation of heritage assets

Heritage assets are valued in accordance with FRS 102 (Heritage Assets). The museum accepts donations of heritage assets which require management to make a judgement on the valuation placed on the specimens donated. Further information on heritage assets can be found on the following page and in Note 10.

Fund accounting

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

Unrestricted funds general

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

Unrestricted funds designated

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

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

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

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

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

Restricted funds

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

Scientific Grants - grant awards for specific scientific projects.

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

Equipment Reserve - a fund established for replacement of shared services equipment - see note 1 (provision for shared services) and note 22.

Permanent endowment funds

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

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation.

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

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

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

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

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

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

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

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

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

Intangible Assets

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

Image rights - 5 years

Software and website -between 3 and 10 years depending on the nature of the asset

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

Heritage assets

The Museum's collections which are assets of historical and scientific importance held to advance the Museum's scientific and educational objectives and, through public access, contribute to the nation's culture and education, are recognised as heritage assets in accordance with FRS 102 (Heritage Assets) which requires such assets to be reported in the Balance Sheet where information is available on cost or value. Prior to the financial year 2001-02 these assets were not capitalised. Reliable cost information is not available and conventional valuation approaches lack sufficient reliability, with the cost of providing such information unaffordable and unmanageable, and deemed to outweigh the benefits to the users. Accordingly these assets are not capitalised in the Balance Sheet. However since 1 April 2001 collections acquisitions in excess of the capitalisation threshold of £5,000 have been capitalised at acquisition value, and treated as non depreciable heritage assets in the Balance Sheet. A description of the collections, their management and developments in the year are given in note 10.

Investments

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

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

Financial instruments

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

Cash and cash equivalents

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

Stocks

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

Leases

The Museum has no finance leases. Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease. Forward liabilities are disclosed in note 18.

Foreign currencies

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

Provisions

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

Taxation

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

Pension costs

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

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

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

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

Shared services

During 2022-2023 the Museum supplied electricity and heating to the Victoria and Albert Museum. The Museum also supplied electricity to the Science Museum. The costs of these supplies are recharged on a not-for-profit basis. Each type of supply is accounted for separately and is ring-fenced within the accounts. The funds accumulated for the replacement of the facilities are shown as restricted funds titled Equipment Reserve.

Contributions to and releases from the Equipment Reserve are shown in the Statement of Financial Activities, Restricted Funds and note 22.

2 Summary of results for the Natural History Museum only

	2023	2022
	£000	£000
Income and endowments		
Grant-in-Aid (note 3)	65,888	60,667
Coronavirus Job Retention Scheme (note 5)	-	93
National lottery	601	123
Donations	8,868	6,299
Donations in kind	373	319
Trading activities	1,403	785
Shared services	2,263	1,987
Other income	1,298	1,090
Bank interest	250	5
Admissions and memberships	4,230	5,152
Scientific and other grants	6,290	5,311
Payment under Deed of Covenant from the Natural History Museum Trading Company	9,679	3,671
	101,143	85,502
Expenditure		
Costs of generating voluntary income	3,069	2,957
Fundraising trading: costs of goods sold and other costs	2,603	2,261
Public engagement	39,590	34,860
Scientific curation and research	46,558	40,582
Recharge to the Natural History Museum Trading Company	(2,994)	(2,083)
Loss on disposal of fixed assets	10	-
	88,836	78,577
Net (expenditure)/income before other recognised gains/(losses)	12,307	6,925
Gains/(losses) on foreign exchange	122	(321)
Gains on revaluation of fixed assets	30,071	20,300
Net movement in funds	42,500	26,904

3 Grant-in-Aid

	2023	2022
	£000	£000
DCMS		
Resource Grant-in-Aid	43,392	41,614
Additional Coronavirus Support	3,100	8,998
Capital Grant-in-Aid:		
Baseline	2,346	2,300
NHM Science and Digitisation Centre	6,350	3,150
Public Bodies Infrastructure Fund	10,700	4,605
	65,888	60,667
	65,888	60,667
General Funds	65,888	60,667
	65,888	60,667

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

For the purposes of consolidated budgeting and monitoring by DCMS during the year, reflecting HM Treasury guidance, a baseline budget of £4,200k for the Museum's operational non-capital research spend is transferred to Capital Grant-in-Aid, thereby reflecting baseline budget totals of £6,546k for Capital Grant-in-Aid and £39,192k for Resource Grant-in-Aid.

4 Trading activities income

	2023	2022
	£000	£000
Brand Management	482	497
Retail	11,124	6,510
Catering and Functions	6,455	4,465
Touring Exhibitions	2,642	1,634
Consultancy	1,737	1,639
Other	1,521	892
	23,961	15,637

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

Trading subsidiary turnover	25,256	15,436
Commercial sponsorship	(2,698)	(546)
Add: Other trading activities income (Museum income)	1,403	747
	23,961	15,637

5 Investments and other income

	2023	2022
	£000	£000
Income from UK equities	189	179
Bank interest	314	5
	503	184
Other income		
Rentals	139	147
Other	1,159	943
	1,298	1,090

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

Coronavirus Job Retention Scheme

The Natural History Museum claimed £131k during the previous financial year from HMRC towards the cost of furloughing staff, with approval from DCMS. Activity reduced significantly across the museum as a result of closure and we were unable to find work for all employees whilst lockdown was in place. We topped up wages to the employees usual amount out of our reserves. Our use of the furlough scheme ended on 17 May 2021 when the Museum reopened in accordance with Government guidance. No Coronavirus Job Retention Scheme was claimable in the year 2022-23.

Of the £131k claimed in the previous financial year, £93k related to the Museum, and £38k related to the Trading subsidiary. In total 120 members of staff were furloughed at some point during the year, 85 of which were in the Museum, and 35 in the Trading subsidiary.

6 Net expenditure / income before transfers

	2023	2022
	£000	£000
is stated after crediting:		
Scientific grants from the European Union	1,921	1,695
and after charging:		
Expenditure in respect of scientific grants from the European Union	1,921	1,695
Auditors' remuneration - Museum auditors		
Museum audit	68	65
Auditors' remuneration - subsidiary auditors		
Trading Company audit	30	27
Special Funds and Benevolent Fund audit	3	3
Other services	4	3
Hire of plant and machinery	612	536
Travel, subsistence and hospitality	1,263	480
Depreciation	15,047	14,423
Amortisation	148	183
Stock recognised as an expense	5,346	3,212

7 Total resources expended

	Activities			Activities		
	undertaken directly £000	Support costs £000	Total 2023 £000	undertaken directly £000	Support costs £000	Total 2022 £000
Costs of generating voluntary income	1,635	1,434	3,069	1,605	1,352	2,957
Trading activities	15,250	-	15,250	10,980	-	10,980
Public Engagement	24,722	14,868	39,590	21,346	13,514	34,860
Scientific curation and research	30,404	16,302	46,706	26,231	14,513	40,744
Loss on disposal of fixed assets	10	-	10	-	-	-
	72,021	32,604	104,625	60,162	29,379	89,541

During the year, grants of £736,000 (2022: £398,000) were awarded to institutions within scientific curation and research.

Support costs by activity

2022-2023	Generating voluntary income £000	Public Engagement £000	Scientific £000	Total £000
	Management	55	574	629
Human resources	84	867	951	1,902
Estates	401	4,158	4,559	9,118
Finance	54	561	615	1,230
Information technology	254	2,636	2,890	5,780
Governance	3	34	37	74
Depreciation	583	6,038	6,621	13,242
	1,434	14,868	16,302	32,604

2021-2022	Generating voluntary income £000	Public Engagement £000	Scientific £000	Total £000
	Management	58	580	623
Human resources	73	732	786	1,591
Estates	363	3,631	3,899	7,893
Finance	70	701	753	1,524
Information technology	213	2,126	2,283	4,622
Governance	2	16	18	36
Depreciation	573	5,728	6,151	12,452
	1,352	13,514	14,513	29,379

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

Staff costs

	Permanent contracts £000	Other contracts £000	2023 Total £000	2022 Total £000
Salaries and wages	27,613	8,661	36,274	33,187
Superannuation	5,400	851	6,251	6,040
National Insurance	3,101	882	3,983	3,365
Cost of agency staff	-	2,001	2,001	1,498
	36,114	12,395	48,509	44,090

Included in the above staff costs are redundancy costs of £201,687 (2022: £260,207).

The Museum accounts for exit costs in the year of the individual's departure being agreed. Where employees have been given retirement benefits under the early retirement and severance scheme operated by the Museum, the full provision is made in the year of retirement and released annually to cover payments made to the employee (note 22).

The majority of present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. Details are available in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. During 2022-23, the rates were in the range 26.6% and 30.3%. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Payments of £4,653,000 (2022: £4,785,000) were made during the year. The Natural History Museum is only liable for the contribution it has made directly.

From 1 April 2017, new entrants are enrolled into the Natural History Museum Pension Scheme, a defined contribution scheme with an employer contribution. Payments of £1,586,000 (2022: £1,255,000) were made during the year. The minimum employee contribution is 4% of salary and, subject to that contribution being made, the Museum makes a contribution of 8% of salary. If an employee chooses to contribute more than 4%, the Museum will match up to a further 2%.

Pension costs are allocated to activities on the same basis as those staff costs to which they relate. At 31 March 2023 a balance of £231,000 (2022: £178,000) was due to be paid in relation to the Natural History Museum Pension Scheme.

The Chair and Board of Trustees received no remuneration for their services during the year (2022: nil). Travel and subsistence expenses of £5,942 (2022: £760) were reimbursed to 3 (2022: 2) Trustees. Trustees donated £439,290 to the Museum during the year (2022: £108,495), of which £421,250 was restricted to the Urban Nature Project (2022: £88,041) and nil was restricted to library acquisitions (2022: £1,454).

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

	2023	2022
£180,001 - £190,000	1	-
£170,001 - £180,000	-	1
£160,001 - £170,000	-	-
£150,001 - £160,000	-	-
£140,001 - £150,000	-	1
£130,001 - £140,000	2	-
£120,001 - £130,000	-	4
£110,001 - £120,000	3	1
£100,001 - £110,000	4	4
£90,001 - £100,000	7	7
£80,001 - £90,000	8	2
£70,001 - £80,000	11	17
£60,001 - £70,000	33	19

The total pension contributions payable for the employees included above were £1,197,711 (2022: £985,243).

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

The key management personnel comprise the Museum Director and the Executive Director of Finance and Corporate Services. The total employee benefits of the key management personnel of the Museum were £353,262 (2022: £333,817). The prior year comparative figure has been restated to reflect changes in the Executive Board.

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

The average number of employees during the year was 911 (2022: 877) organised into the following categories:

	Permanent contracts	Other contracts	2023 Total	2022 Total
Costs of generating voluntary income	22	1	23	25
Trading activities	73	5	78	64
Public Engagement	228	44	272	281
Scientific curation and research	250	148	398	366
Support	114	26	140	141
	687	224	911	877

8 Tangible fixed assets

Group	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Total £000
Value							
Balance at 1 April 2022	546,496	100,526	7,252	34,367	14,145	25,532	728,318
Additions	1,343	425	16,124	127	134	965	19,118
Disposals	-	-	-	(73)	(469)	(541)	(1,083)
Revaluation	24,095	10,357	-	-	-	-	34,452
Transfers in/(out)	300	851	(2,552)	500	51	860	10
Balance at 31 March 2023	572,234	112,159	20,824	34,921	13,861	26,816	780,815
Depreciation							
Balance at 1 April 2022	18,013	18,274	-	30,731	10,198	18,888	96,104
Charge for year	6,198	6,249	-	615	690	1,295	15,047
Disposals	-	-	-	(73)	(469)	(531)	(1,073)
Revaluation	2,209	2,172	-	-	-	-	4,381
Transfers in/(out)	-	-	-	-	-	-	-
Balance at 31 March 2023	26,420	26,695	-	31,273	10,419	19,652	114,459
Net Book Value 31 March 2023	545,814	85,464	20,824	3,648	3,442	7,164	666,356
Net Book Value 31 March 2022	528,483	82,252	7,252	3,636	3,947	6,644	632,214

Land and Buildings includes the Natural History Museum at Tring, residential properties at Tring, premises at Wandsworth, London, and the main Museum site at South Kensington. The freehold interest in the South Kensington site was transferred to the Trustees by the Secretary of State for the Environment, Transport and the Regions in August 2001. In accordance with Treasury Guidance all land and building assets are revalued at least quinquennially on a depreciated replacement cost basis and indexed using indices from professional sources in the intervening years. The most recent full valuation was performed by Gerald Eve LLP, Chartered Surveyors, as at 31 March 2019, in accordance with the RICS Valuation- Professional Standards, January 2017 edition and Financial Reporting Standard (FRS) 102. An intervening revaluation was carried out at 31 March 2023 based on price indices prepared by Gerald Eve LLP. In preparation for our new site at Thames Valley Science Park as part of the NHM Science and Digitisation Centre, a payment of £1.8m was made to the University of Reading in order to secure the land ready for construction and has been included in Assets under construction category above.

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

The professional valuations at 31 March 2019 were as follows:

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

At 31 March 2019 the valuers were of the opinion that the valuation of the premises in Wandsworth, London at market value for general storage and distribution would be significantly lower than the valuation at existing

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

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

2023 2022
£000 £000

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

Depreciation included in Total Resources Expended	15,047	14,423
	15,047	14,423

2023 2022

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

Revaluation value	34,452	22,131
Prior year depreciation adjustment arising from revaluation	(4,381)	(1,830)
	30,071	20,301

Museum	Land & buildings £000	Plant & machinery £000	Assets under construction £000	Permanent exhibitions £000	Furniture & fittings £000	Equipment £000	Total £000
Value							
Balance at 1 April 2022	546,496	100,526	7,213	34,366	12,890	25,087	726,578
Additions	1,343	425	16,124	127	129	965	19,113
Disposals	-	-	-	(73)	(469)	(541)	(1,083)
Revaluation	24,095	10,357	-	-	-	-	34,452
Transfers in/(out)	300	851	(2,513)	500	12	860	10
Balance at 31 March 2023	572,234	112,159	20,824	34,920	12,562	26,371	779,070
Depreciation							
Balance at 1 April 2022	18,013	18,274	-	30,731	9,809	18,483	95,310
Charge for year	6,198	6,249	-	615	510	1,273	14,845
Disposals	-	-	-	(73)	(469)	(531)	(1,073)
Revaluation	2,209	2,172	-	-	-	-	4,381
Transfers in/(out)	-	-	-	-	-	-	-
Balance at 31 March 2023	26,420	26,695	-	31,273	9,850	19,225	113,463
Net Book Value 31 March 2023	545,814	85,464	20,824	3,647	2,712	7,146	665,607
Net Book Value 31 March 2022	528,483	82,252	7,213	3,635	3,081	6,604	631,268

9 Intangible assets

Group	Image	IT	Assets	Total
	rights	software	under	
	£000	£000	construction	£000
Value				
Balance at 1 April 2022	480	2,516	10	3,006
Additions	-	69	-	69
Disposals	-	-	-	-
Transfers in/(out)	-	-	(10)	(10)
Balance at 31 March 2023	480	2,585	-	3,065
Amortisation				
Balance at 1 April 2022	480	2,071	-	2,551
Charge for year	-	148	-	148
Disposals	-	-	-	-
Balance at 31 March 2023	480	2,219	-	2,699
Net Book Value 31 March 2023	-	366	-	366
Net Book Value 31 March 2022	-	445	10	455
Museum				
		IT	Assets	
		software	under	Total
		£000	construction	£000
Value				
Balance at 1 April 2022		2,244	10	2,254
Additions		69	-	69
Disposals		-	-	-
Transfers in/(out)		-	(10)	(10)
Balance at 31 March 2023		2,313	-	2,313
Amortisation				
Balance at 1 April 2022		1,800	-	1,800
Charge for year		147	-	147
Disposals		-	-	-
Balance at 31 March 2023		1,947	-	1,947
Net Book Value 31 March 2023		366	-	366
Net Book Value 31 March 2022		444	10	454

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

10 Collections assets

	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Net book value at 1 April	8,120	7,889	8,120	7,889
Additions in year	170	231	170	231
Net book value at 31 March	8,290	8,120	8,290	8,120

Acquisitions Summary 2018-23

	2018-19	2019-20	2020-21	2021-22	2022-23
	£000	£000	£000	£000	£000
Acquisitions > £5k	44	40	21	50	24
Donations > £5k	289	144	28	181	146

Heritage Assets and Valuation

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

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

Heritage assets acquired since 1 April 2001

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

Heritage assets acquired before 1 April 2001

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

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

Nature and Scope of the collections

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

The Museum houses one of the most important collections of natural history objects in the world. The Earth and Life Science collections cover virtually all groups of animals, plants, rocks, meteorites, minerals, and fossils

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

The collection is actively added to annually through new collecting, donation, exchange, and purchase. During the last financial year the Museum received 344 different donations consisting of approximately 98,799 items or lots (which will contain multiple items). The Museum spent £25,848.30 on 25 purchases comprising 25,820 items. A further 65,709 items or lots were added to the collection through staff collecting, undertaken as a result of research grants and collaborative fieldwork opportunities and 49 items through exchange. No items were donated in lieu of tax.

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

In the last financial year SER Group were appointed as the Museum's new Collections Management System (CMS) supplier. The 7-year contract will result in a new CMS by 2025 and a continuous improvement plan to 2029.

Collections Policies, Collections Care and Accreditation

Collections Policy

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

Accreditation

The Museum is recognised by The National Archives as a place of deposit under the Public Record Act for the records it creates. The Museum is a Registered Archive under the National Archives Accreditation Scheme and was awarded Accredited Status on 26th March 2018. In February 2023 The Museum received its reminder to reapply for Archive Service Accreditation before 15 March 2024. The Museum is also a Registered Museum under the Arts Council Museums Accreditation Scheme and last received confirmation of its re-approval under the Scheme in October 2015.

Collections Care

The Museum aims to maintain its collections in the best environmental conditions possible to aid long term preservation. These are guided for collections in storage and display by the Museum's Collections Storage Infrastructure Project (CSIP) environmental standards (2020). These standards comply as far as possible with BS EN 16973:2018 Conservation of Cultural Heritage - Specification, location, construction and modification of buildings or rooms intended for the storage or use of heritage collections; BS EN 16790:2016 Conservation of cultural heritage - Integrated pest management (IPM) for protection of cultural heritage and BS 4971:2017 Conservation and Care of Archive Collections. The Museum's Protecting the Collections Board prioritise small, targeted interventions to increase the longevity and stability of the building fabric in areas containing collections. The Board also commission pieces of work to understand the full extent of problems. Projects prioritised by the Board focus on HVAC systems, water ingress, solar gain, and security.

Access to the Collections

Increasing access to the collections whether physically or virtually is one of the highest priorities for the Museum. Over 27,000 specimens are on public display in our galleries. There are over 5,523,000 specimen records from our Earth and Life Science collections publicly available on data.nhm.ac.uk along with over 7,500,000 records from other datasets. This includes 3D scans, images, and audio recordings as well as other structured data in tables and the Join the Dots dataset comprising 2,868 records that provide a high-level summary of all the

Natural History Museum's collection. The latest news about our digital collections programme can be found at www.nhm.ac.uk/digitalcollections or @NHM_Digitise on twitter. Over 5 million pages of content are available via the Library's discovery layer and in the Biodiversity Heritage Library www.biodiversitylibrary.org.

As well as a public visitor attraction the Museum is home to a large, diverse scientific research centre that houses one of the largest and diverse scientific teams of its kind. At its heart is our collections which are a significant resource for the development of humankind's knowledge of the natural world. The wide scope of the collection in scientific, geographical, and historical terms, means that the Museum's collection has unique international value and importance. Our collections inspire and facilitate scientific discovery globally through our analytical facilities, digital access, research lending and in person visits by many hundreds of scientific visitors from around the world. During the last financial year, the Museum dispatched 469 research loans, comprising 32,052 individual specimens from the Earth Sciences and Life Sciences collections. A further 244 requests were facilitated for digital images instead of a physical loan, representing 1406 individual specimens. Physical loans for the purpose of research are not made to individuals from the Library and Archive Collections.

Human Remains

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

Immunity from Seizure

The Museum received Approved Status for immunity from seizure purposes on 9th April 2014. During the financial year 2022-23 no loans were made to the Museum which required immunity.

11 Investments

	Market value at 1 April 2022	Additions	Disposals	Increase / (decrease) in market value	Market value at 31 March 2023
	£000	£000	£000	£000	£000
Group					
CCLA COIF- Charities Investment Fund	5,437	-	(5,437)	-	-
CCLA COIF - Charities Ethical Investment Funds	1,009	5,437	-	(293)	6,154
	6,446	5,437	(5,437)	(293)	6,154
Museum					
UK investment in Subsidiary	300	-	-	-	300
	300	-	-	-	300

During the financial year, The Natural History Museum Special Funds and The Natural History Museum Benevolent Funds transferred their holdings from the CCLA Charities Investment Funds to the CCLA Charities Ethical Investment Funds, which places more restrictions on what CCLA can invest the funds in.

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

12 Trading subsidiary

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

Trading Company profits are paid to the Museum annually under Deed of Covenant.

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

	Total	Total
	2023	2022
	£000	£000
Income and expenditure		
Turnover	25,256	15,398
Cost of sales	(9,913)	(6,629)
Gross profit	15,343	8,769
Other operating income	-	38
Other expenses	(5,728)	(4,173)
Operating profit	9,615	4,634
Interest received	64	-
Amount of payment under Deed of Covenant to the Museum	(9,679)	(3,671)
Profit/(Loss) on ordinary activities before taxation	-	963
Taxation	-	-
Retained in subsidiary	-	963
	2023	2022
	£000	£000
Balance Sheet		
Fixed assets (tangible and intangible)	749	947
Current assets	20,513	11,670
Current liabilities	(20,962)	(12,317)
Net assets	300	300
Share capital and reserves	300	300

13 Stock

	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Finished goods and goods for resale	1,351	1,142	164	169
Work in progress	42	57	42	57
	1,393	1,199	206	226

14 Debtors

	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	4,924	3,967	1,968	1,174
Other debtors	1,892	1,102	1,892	1,102
Amounts due from subsidiary undertaking	-	-	13,770	6,398
Prepayments	1,762	1,329	1,671	1,268
Accrued income	3,962	3,521	3,419	2,610
	12,540	9,919	22,720	12,552

	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Debtors include the following financial instruments:				
Gross trade debtors	4,980	4,023	1,968	1,174
Less: provision for impairment	(56)	(56)	-	-
	4,924	3,967	1,968	1,174
Other debtors	1,892	1,102	1,892	1,102
	6,816	5,069	3,860	2,276

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

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

	2023	2022
	£000	£000
Not due	4,342	3,465
up to 30 days past due	278	190
30-60 days past due	99	167
Over 60 days past due	205	145
	4,924	3,967

15 Cash at bank and in hand

	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Balances held with the Government Banking Service	18,427	8,291	18,427	8,291
Balances held with commercial banks and cash in hand	27,088	31,392	10,885	24,063
Balances held on deposit	3,000	-	3,000	-
	48,515	39,683	32,312	32,354

Included in the above are balances in Euros equivalent to £4,727,000 (2022: £3,024,000) and US Dollars equivalent to £1,524,000 (2022: £394,000). These balances do not expose the Museum to any significant exchange rate risk as they are primarily held in connection with grants received from funders where onward payments are to be made in the same currency.

During the year, cash surplus to daily requirements was either deposited with the Government Banking Service or invested short term with leading European financial institutions. Cash must be invested and managed in accordance with the Museum's Investment Policy which was approved by Trustees in February 2023. In the event of financial failure at a financial institution at which the Museum holds term deposits, the Museum would be exposed to the risk of losing the investments.

16 Cash held as under agent relationships

The Museum acts as project lead on a number of consortium grants where cash is received and subsequently paid out to other consortium beneficiaries. These cash funds are not recognised as a Museum asset and do not appear in the Museum's Balance Sheet. During the year the Museum received £1,031,000 to distribute to partners (2022: £nil). During the year £1,030,000 (2022: £1,940,000) was distributed. At 31 March 2023 the Museum held £1,000 (2022: £nil) to be transferred in future periods.

17 Creditors: amounts falling due within one year

	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	1,256	2,629	1,043	2,266
Other creditors	1,245	867	568	254
Taxation and social security	975	873	975	873
Deferred income	9,958	7,590	4,170	3,760
Accruals	8,168	6,316	7,614	5,192
	21,602	18,275	14,370	12,345

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

Deferred income	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
As at 1 April 2022	7,590	7,125	3,760	4,751
Deferred in current year	22,025	33,175	9,669	15,252
Released in current year	(19,657)	(32,710)	(9,259)	(16,243)
As at 31 March 2023	9,958	7,590	4,170	3,760

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

18 Commitments under operating leases

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

	Land and buildings £000	Other assets £000	Total 2023 £000	Total 2022 £000
Payments due within one year	-	34	34	55
in second to fifth year	-	118	118	-
over 5 years	-	-	-	-
	-	152	152	55

During the year, payments of £72,000 (2022: £163,000) were made under operating leases.

19 Statement of Funds

	At 1 April 2022 £000		Income £000	Expenditure £000	Gains/ (losses) £000	Revaluation/ indexation £000	Transfers £000	At 31 March 2023 £000
Restricted funds								
Scientific grants	-	6,370	(6,370)	-	-	-	-	-
Sponsored assets	93,370	4,566	(3,572)	-	7,783	4,292	106,439	
Projects/other funds	1,458	1,166	(432)	-	-	5	2,197	
Donations in kind	5,113	373	(271)	-	-	-	5,215	
Equipment reserve	48	-	-	-	-	-	48	
Special Funds	1,087	29	(20)	(50)	-	-	1,046	
	101,076	12,504	(10,665)	(50)	7,783	4,297	114,945	
General funds	5,000	102,081	(77,841)	122	-	(24,092)	5,270	
	5,000	102,081	(77,841)	122	-	(24,092)	5,270	
Unrestricted funds - designated								
Special Funds	1,243	160	(128)	(92)	-	-	1,183	
Projects and other activities	12,308	-	-	-	-	(1,462)	10,846	
Shared services	-	2,228	(2,228)	-	-	-	-	
Future scientific research	1,649	-	(599)	-	-	605	1,655	
Capital projects	553,913	-	(13,154)	(10)	22,289	20,652	583,690	
	569,113	2,388	(16,109)	(102)	22,289	19,795	597,374	
Permanent endowment funds	4,503	-	-	(151)	-	-	4,352	
	4,503	-	-	(151)	-	-	4,352	
Total funds	679,692	116,973	(104,615)	(181)	30,072	-	721,941	

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

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

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

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

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

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

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

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

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

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

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

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

20 Analysis of group net assets between funds

	Designated funds £000	General funds £000	Restricted funds £000	Permanent endowment funds £000	Total £000
Fund balances at 31 March 2023 are represented by					
Tangible and heritage fixed assets	570,830	-	103,816	-	674,646
Intangible assets	366	-	-	-	366
Investments	1,802	-	-	4,352	6,154
Current assets	25,211	23,112	14,125	-	62,448
Liabilities	(835)	(17,842)	(2,996)	-	(21,673)
Total net assets	597,374	5,270	114,945	4,352	721,941
Unrealised gains included in the above:					
On tangible fixed assets	372,739	-	49,028	-	421,767
Total unrealised gains at 31 March 2023	372,739	-	49,028	-	421,767

21 Net cash from operating activities

	Group	Restated Group	Museum	Restated Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Net (expenditure)/income before gains and losses	12,348	7,905	12,307	6,925
Donated heritage assets	(146)	(181)	(146)	(181)
Investment income received	(503)	(184)	(250)	(5)
Interest paid	-	-	-	-
Depreciation	15,047	14,423	14,845	14,341
Amortisation	148	183	147	169
Loss on disposal of fixed assets	10	-	10	-
Decrease/(increase) in stock	(194)	(97)	20	81
Decrease/(increase) in debtors	(2,621)	(3,120)	(10,168)	(1,108)
Increase /(decrease) in creditors	232	2,318	(1,070)	(31)
Net movement in provisions	2	(334)	2	(334)
Net cash from operating activities	24,323	20,913	15,697	19,857

The prior year movement in creditors has been restated to reflect the movement in capital accruals.

22 Provision for liabilities and charges

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

Government Actuary's Department has been engaged to undertake this process on the Museum's behalf, and the value of the liability will depend on negotiation with the Servest scheme provider, the number of individuals who take up the option to transfer and market conditions at the time of transfer. The amount provided is the estimate given by the Government Actuary's Department as at 25 October 2022 assuming all eligible members take up the transfer. The Museum has chosen not to revalue this at the balance sheet date due to the additional cost that would be involved and overall immateriality to the accounts.

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

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

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

Servest TUPE Provision	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Balance at start of year	-	-	-	-
Addition to provision	13	-	13	-
Payments against provision	-	-	-	-
Balance at end of year	13	-	13	-

Redundancy Provision	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Balance at start of year	23	114	23	114
Addition to provision	12	23	12	23
Payments against provision	(23)	(114)	(23)	(114)
Balance at end of year	12	23	12	23

Equipment Reserve Provision	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Balance at start of year	46	289	46	289
Addition to provision	-	-	-	-
Adjustment to existing provision	-	(243)	-	(243)
Balance at end of year	46	46	46	46

Total Provision for liabilities and charges	Group	Group	Museum	Museum
	2023	2022	2023	2022
	£000	£000	£000	£000
Balance at start of year	69	403	69	403
Addition to provision	25	23	25	23
Payments against provision	(23)	(114)	(23)	(114)
Adjustment to existing provision	-	(243)	-	(243)
Balance at end of year	71	69	71	69

23 Capital commitments

Outstanding capital commitments at 31 March 2023 amounted to £27,248,000 (2022: £1,771,000).

24 Contingent liability

The Museum has no contingent liabilities to disclose for the year ended 31 March 2023. The contingent liability disclosed in the prior year accounts has become a quantifiable provision and an amount has been provided for within note 22.

25 Commitments under energy services and energy management services contracts

i) On the 19th July 2006 a contract was signed between the Natural History Museum and Vital Energi Utilities Limited for the provision of energy and energy management services at the Natural History Museum and the Victoria and Albert Museum. Under the contract Vital Energi Utilities Limited designed, supplied, installed,

and commissioned plant and equipment to provide co-generation of electrical power and heating, and chilling services. They also are responsible for the on going operation and maintenance of the plant and equipment for a 15 year period commencing on 19 December 2006. This contract ended in December 2021 and, following a competitive tender, a new contract was signed for a new energy system due for completion in summer 2023, with a supply of services for the interim months.

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

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

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

The accounting treatment whereby the monthly fee payable to Veolia ES Energy Performance (UK) Ltd is charged to expenditure as it occurs over the life of the contract has been determined in accordance with FRS102.

Future minimum commitments under the contracts at 31 March 2023 amounted to £322,000 (2022: £1,286,000).

26 Losses and special payments

There were no special payments made during the year ended 31 March 2023. In the previous financial year there was one special payment for £22,000 relating to an ex-gratia payment for a former employee. This had departmental approval from DCMS.

27 Related party transactions

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

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

Grant-in-Aid (note 3) was received totalling £65,888,000 (2022: £60,667,000).

Income relating to the supply of power to the Science Museum Group totalled £1,264,000 (2022: £627,000). At 31 March 2023, there was a balance of £211,000 due from the Science Museum Group in respect of these services (2022: nil).

Income relating to the supply of heat and power to the Victoria and Albert Museum totalled £1,307,000 (2022: £1,330,000). At 31 March 2023, there was a balance of £823,000 due from the Victoria and Albert Museum in respect of these services (2022: £183,000).

Payments of £62,000 (2022: £47,000) were made to the Victoria and Albert Museum for security management services and training. At 31 March 2023, £19,000 was owed (2022: £15,000) in respect of these services.

Payments of £35,000 (2022: £15,000) were made to the British Library in respect of transfers and rental.

Dame Frances Cairncross DBE FRSE serves on the Board of Trustees of the Natural History Museum Foundation. As at 31 March 2023 there was a balance of £4,900 (2022: £4,200) due from the Foundation in respect of administrative services.

Professor Dame Jane Francis is the chancellor of the University of Leeds. Income of £7,000 was received in year (2022: £21,000) in respect of science grants, £4,200 of which was recognised as income in year.

Professor Yadvinder Malhi is the president of the British Ecological Society. Payments of £1,000 were made for Advisory board fees (2022: Nil)

Professor Yadvinder Malhi is the president of Geography at the British Science Association and Hilary Newiss is the Chair of the British Science Association. Payments of £1,000 were made for professional fees (2022: £1,000)

Hilary Newiss' partner is a board member of UK Research and Innovation. Payments of £4,000 were made during the year for subscriptions (2022: £4,000). Nil was invoiced for georesources expertise in the year (2022: £5,000), of which nil is still outstanding at 31 March 2023 (2022: £5,000).

Simon Patterson is a board member at Dell. Payments of £194,000 (2022: £440,000) were made for the supply of computers and accessories, of which £3,000 was unpaid at 31 March 2023 (2022: £42,000). £44,000 of income was received in the year relating to corporate membership and venue hire (2022: £nil).

Professor Stephen Sparks KBE FRS is a member of BHP Billiton. Income of £334,000 was received relating to scientific research funding (2022: £348,000)

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

Dr Sarah E Thomas is a board member at the OCLC. Expenditure of £4,000 was incurred for subscription renewals (2022: £3,000), none of which was outstanding at 31 March 2023 (2022: £3,000).

Professor Dame Janet Thornton DBE FRS holds a joint grant with University College (UCL) where Sir Patrick Vallance is also a fellow. Payments of £110,000 (2022: £166,000) were made in respect of funding. Income of £349,000 (2022: £159,000) was received in respect of fees. At 31 March 2023 there was a balance due in respect of this of £236,000 (2022: £26,000).

Professor Dame Janet Thornton DBE FRS is a trustee of the Earlham Institute. Expenditure of nil (2022: £6,000) was made in respect of science grants projects. There was a balance of nil outstanding at 31 March 2023 (2022: £6,000).

Neil Greenwood is a Board member of the London Universities Purchasing Consortium. Payment of £5,000 (2022: £5,000) was made in respect of membership.

Sir Patrick Vallance, Douglas Gurr, Mark Read and Neil Greenwood are non-remunerated directors of the Natural History Museum Trading Company, a wholly owned subsidiary of the Natural History Museum. Lord Stephen Green resigned as a director of the Trading Company on 21 February 2023.

The remuneration of the key management personnel of the Museum is disclosed in the Report on the Remuneration of Senior Management section of the Annual Report.

28 Post Balance Sheet Events

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

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