

National Portrait Gallery Annual Report and Accounts 2023-24

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

Ordered by the House of Commons to be printed 29 July 2024



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The Board of Trustees of the National Portrait
Gallery
Annual Accounts 2023-24

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History and Background

History

The National Portrait Gallery (NPG) was founded in the Victorian era with the aim of collecting portraits of 'the most eminent persons in British history'. The role remains the same today - telling the story of the nation through people - although we have broadened our understanding of achievement to reflect the diversity and dynamism of contemporary culture. Another important development has been the increasing importance given to art and art history, leading to the Gallery's role as a place to learn about the art of portraiture.

The Gallery had a peripatetic existence until a new building was provided in St Martin's Place through the benefaction of W.H. Alexander, which opened in 1896. A major extension was built along Orange Street, with funds provided by Sir Joseph (later Lord) Duveen in 1933, and a programme of improvement was initiated in the 1990s, with the creation of the Wolfson and Porter galleries on the Ground Floor. At the same time premises on the north side of Orange Street were acquired to create the Heinz Archive and Library, together with new offices and a conservation studio. In 2000, the Ondaatje Wing was opened, bringing a major improvement in the facilities and presentation of the Collection, followed in 2004 by the opening of the Regency display in the Weldon galleries. *Inspiring People* has been the Gallery's latest and biggest transformation since the opening of the building in 1896 which involved a significant refurbishment of the building. This project was completed in 2023.

Background

The Gallery was founded by a Treasury minute dated 2 December 1856, following the recommendation of the House of Lords on 4 March 'for the formation of a gallery of the portraits of the persons most eminent in British History'. The Board of Trustees have administered the National Portrait Gallery to this day.

The Museums and Galleries Act, 1992 established the Board of Trustees of the National Portrait Gallery as a corporate body and added it to the list of exempt charities under the 1960 Charities Act. The National Portrait Gallery is a non-departmental public body (NDPB) under the auspices of the Department for Culture, Media and Sport (DCMS). The National Portrait Gallery is an exempt charity as defined by Schedule 3 to the Charities Act 2011.

Connected Entities

The National Portrait Gallery Company Limited (the "Company") is a wholly owned subsidiary company of the National Portrait Gallery. It was incorporated on 23 November 2006 as a private company limited by shares and it commenced trading on 1 April 2007. The Company's business includes retail, publishing, rights and images, events and venue hire, and managing the catering franchise.

In 2006, the Gallery established the Portrait Fund, an endowment fund that provides essential additional funds for the acquisition of outstanding portraits for the Collection and for the conservation, framing, display, research and interpretation costs associated with the acquisition. The Portrait Fund is a separate body from the National Portrait Gallery Board of Trustees and is governed by the Portrait Fund Trustees.

Organisational Structure

The Board of Trustees is responsible for running the Gallery and to deliver the charitable objectives in accordance with their statutory, charity law and common law duties. The Board is supported by a series of committees to assist in fulfilling its function. The Director is appointed by the Board of

Trustees, with the approval of the Prime Minister, and is designated as the Accounting Officer for the Gallery. The Director is responsible for the day-to-day management of the Gallery and for making policy recommendations to the Board. The Director is supported in this role by Director's Group which comprises all NPG Directors. Further information is included in the Governance Statement.

Our Mission

The National Portrait Gallery is unique in being both *for and about people*. From Katherine Parr to Martin Parr, we serve as the nation's family album, inviting everyone to meet the people who have made, and are making, the United Kingdom what it is today.

Founded in 1856, we are home to the largest and most prestigious collection of portraits in the world. Our portraits highlight the cultural and historical links that we all share, and encourage reflection on identity, achievement and human stories. Spanning six centuries, our artworks reveal the inspiring and sometimes surprising personal stories that have shaped and continue to shape a nation - from global icons to local champions, national treasures to unsung heroes.

It is through the display of the Collection, exhibitions, loans, digital channels, research, learning, publishing, communications and outreach, that the Gallery tells the story of Britain through portraits, using art to bring history to life and explore living today, as well as promoting the development of portraiture internationally.

Our vision is for lives to be inspired and society enriched through deeper connections with the nation's stories and **our role** is to bring to life the human stories that have shaped and are shaping our ever-changing history.

Our activities and aspirations are driven by the Gallery's statutory aims and objectives as set out in the *Museums and Galleries Act 1992*:

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

Our supplementary objectives during the Gallery's redevelopment phase (2020-2023) are below:

1. Deliver the *Inspiring People* project, transforming the building and opening up the Collection to make it more accessible and welcoming, increasing long-term financial sustainability.
2. Increase the understanding of and engagement with the Collection and the art of portraiture through sharing the Collection and supporting a dynamic skills-sharing network across the UK.
3. Broaden the range of audiences by engaging strategically with organisations across the UK and internationally through participation and learning activity, and an effective communications strategy.
4. Improve the care and conservation of the Collection, creating opportunities for acquisition and commission that support the *Inspiring People* priorities and ambitions.
5. Create a digital presence which connects, inspires and engages audiences, and increases revenue generation.
6. Maximise the financial resources available through both public and private sector support, managing within defined financial parameters for closure and for the *Inspiring People* project.

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

Below we describe the actions we have taken in the last year to deliver these objectives.

Review of Activities in 2023-24

An executive summary

The Gallery has recently undergone its most significant transformation, with a complete re-presentation of the Collection, major redevelopment of the building and innovative nationwide partnerships with museums, local groups and schools, which have engaged communities across the UK, and shared our portraits more widely than ever before.

2023-24 has been a momentous year for the Gallery having successfully reopened following our significant transformation project, *Inspiring People*. The aim of this project was to transform the organisation, creating a new NPG for people today and in the future. This has been achieved through an extensive renewal of the building, a comprehensive Collection re-display, a rebrand and innovative partnerships. The project was completed on time and budget, receiving critical acclaim and record visitor numbers.

As well as vastly improving the overall accessibility of the building, visitors to the Gallery since reopening have described the transformed public spaces and galleries as ‘utterly refreshed and feel light, bright, inviting, relevant and places of joy’ and entrances as ‘much more welcoming’. The broad experience has been much improved, with 97% of all visitors rating their overall experience as good or excellent and 99% saying they would recommend a visit.

Our displays are now more inclusive, relevant and reflective of Britain as we know it today, with 93% of visitors agreeing that NPG is ‘for everyone’. Our Collection is now broader through recent acquisitions and commissions, resulting in increased representation of female artists and sitters and UK ethnic minority sitters. A series of initiatives have also been introduced, including deaf-led and British Sign Language (BSL) interpreted tours, to ensure that we remain committed and invested in being an accessible and access-friendly destination for visitors.

During closure and since reopening, we have continued to work with a range of partners, colleagues, stakeholders and hard-to-reach community groups to share the Collection and to promote engagement with the art of portraiture. We have remained a lead partner of the National Skills Sharing Partnership, which has supported museums across the UK to enhance displays of portrait collections, and we have launched various programmes for families and schools, including the Schools Hub, a digital learning offer linked to the National Curriculum accessible by teachers and young people nationally.

During the year we have made some significant additions to the Collection, including *Portrait of Mai* by Joshua Reynolds, the largest acquisition in the Gallery’s history, and the bronze doors (*Untitled*) by Dame Tracey Emin, which welcome visitors with 45 bronze panels ‘represent[ing] every woman, every age and every culture throughout time.’

We have been delighted with the feedback on our new retail and hospitality offer, with a popular destination shop, selling a range of unique products, and food and drink experiences from morning coffee to evening cocktails. Increasing the Gallery’s long-term financial sustainability was another key objective of the *Inspiring People* project, which these offers are helping to deliver.

We are thrilled at the ongoing success the Gallery has enjoyed since its reopening. This has been achieved in large part due to the support of our stakeholders (trusts, foundations, donors, and our

Patrons and Members), our staff and our volunteers. We are grateful to everyone who shared our vision for the Gallery and committed to what we were seeking to achieve with the *Inspiring People* project. Thanks to our supporters, the National Portrait Gallery remains a vibrant and indispensable cultural treasure for generations to come.

Finally, as a Board of Trustees, we would like to formally thank members of the Gallery's senior team who were integral to the success of the *Inspiring People* project who have moved on into new exciting opportunities within the sector. This includes the Director of *Inspiring People*, Alix Gilmer; the Executive Director of Programmes and Partnerships, Sarah Tinsley; the CFO, Lesley Williams; the COO, Ros Lawler; the Chief Curator, Dr Alison Smith; and our Director, Dr Nicholas Cullinan OBE. As a result of their leadership, vision and dedication, they leave a wonderful legacy for the future leaders of the Gallery.

Delivering on our strategic objectives

The strategic objectives had been set in 2020 for the Gallery's redevelopment period and are detailed below. This section sets out the significant progress which has been made towards these objectives in what was the final stage of the *Inspiring People* project.

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

2023-24 has been an unprecedented year for the Gallery, following the most significant development in our history. The project, *Inspiring People*, aimed to transform the organisation, creating a new NPG for people today and in the future. We have achieved this through an extensive renewal of the building, a comprehensive Collection re-display, a rebrand and innovative partnerships. The project completed on time and budget, receiving critical acclaim and record visitor numbers. This was made possible by the following supporters, amongst others, to whom the Board of Trustees is extremely grateful – the Blavatnik Family Foundation, The National Lottery Heritage Fund, the Garfield Weston Foundation, the Ross Foundation, Mildred and Simon Palley, Julia and Hans Rausing, the David and Claudia Harding Foundation, Björn and Inger Savén, the Clore Duffield Foundation, the Law Family Charitable Foundation, the Deborah Loeb Brice Foundation, and Art Fund.

Transforming the building

On 22 June 2023, the Gallery officially opened its doors following the most extensive development of its building since 1896. The building transformation included: returning the East Wing to public use, restoring original gallery spaces and creating new retail and catering facilities; the new Ross Place entrance, which has opened up the North Façade of the building and created a new civic space for the public; and the expansion of the Learning Centre, which has more than doubled the provision for learners and visitors. In total, the transformation has increased public space by around a fifth. The Gallery has also improved its commercial and catering spaces to ensure financial sustainability.

Another key priority for our transformation was to work with audiences with lived-experience and specialist organisations to remove any barriers to the building, the Collection, exhibitions and programmes. Before the redevelopment, the Gallery's lifts failed to connect the whole building effectively, resulting in a disconnected experience for visitors by denying easy access. In addition to creating a new fully accessible entrance, Ross Place, there is now step-free access to the entrance on St Martin's Place and the revolving door has been removed. The new Gallery has a Changing Places Toilet, which features more space and additional equipment, including a large changing station.

Feedback from our visitors on these changes has been extremely positive: in the reopening period, 81% of repeat visitors felt that the galleries were better than before; 83% thought that the entrance was much improved; incidental visits were increased by 56% indicating entrances are more visible and welcoming; and the number of disabled visitors has increased by 357%.

Re-interpreting and re-hanging the Collection

Audiences have been at the heart of the *Inspiring People* project and have informed and shaped how the Gallery has presented the Collection to tell a richer story about British culture and history. Pre-closure research from existing and potential visitors indicated that while there was positivity about NPG, there was more to be done for the Gallery to be more relevant and accessible.

Responding to these insights, the new hang has not only increased the number of portraits on display (+30%) but now includes key figures from British history, as well as lesser-known sitters, connected

with themes that provide opportunities to relate to the context behind the portraits. The displays better reflect the diversity of the UK population; for example, 48% of portraits in 20th/21st century galleries are of women (up from 35%), and 11% of all works displayed represent UK ethnic minority sitters (up from 3%). 7% of portraits on display depict sitters from the LGBTQI+ community, compared to 4% prior to closure.

The new interpretation scheme incorporates multiple voices and delivers participatory experiences including film, interactives, interviews and music. The Gallery made over 50 new acquisitions during the *Inspiring People* project to ensure that we present an expansive selection of people and stories. Important new works include a tapestry by Michael Armitage that depicts refuse collectors during Covid lockdown and the *Work in Progress* mural by Jann Haworth and Liberty Blake, co-created with students and portraying 130 inspiring women. The bronze doors by Dame Tracey Emin, with 45 panels representing 'every woman', now greet visitors as they enter.

Response to the new displays has been overwhelmingly positive. Research indicates that the majority of visitors feel the Gallery is inclusive, with 93% agreeing NPG is 'for everyone'. 71% found the displays 'relevant to their lives' and 90% agreed that the Gallery 'brings history to life'. One commented: *'The mix of contemporary with historic is just marvellous and really is representing everything... we were inspired.'*

Increasing Access

In order to remove any barriers to accessing the Collection or exhibitions, the Gallery has worked with key stakeholders to improve our in-gallery offer. Onsite resources include a printed Access Guide, induction loops, large-print maps and Collection labels, wheelchairs, magnifying glasses, ear defenders, an audio-described version of our digital 'Meet the Portraits' tour and a hand-held tactile map. We have also worked with Interpretation Designers, Nissen Richards, to ensure that positions of exhibits and interpretation are accessible to more visitors. This activity has been overseen by the Access Advisory Group.

The Gallery now delivers a programme of accessible events including free monthly Deaf-led tours and picture description talks and BSL interpreted talks. Our Visitor Experience staff and volunteers are fully trained to support visitors who require assistance and to be proactive in welcoming visitors with visible disabilities as well as hidden ones, including neurodiversity and dementia. To increase access and engagement for younger audiences and those on lower incomes, we introduced £5 tickets for under 25s and a 50% discount for those in receipt of universal credit and other benefits. We also reflected the same approach in applying discounts to register for our annual competitions.

Inclusive Transformation

A particular highlight during this period includes our work with the University of Leicester Research Centre for Museums and Galleries to support with the Gallery's ambition to place equity and inclusion at the heart of everything it does. Through this partnership, we have developed a programme of conversations and actions to embed leading-edge approaches to equity and inclusion, create a step change in thinking and practice and to drive inclusive transformation across the organisation.

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

During closure and since reopening, we have shared the Collection by working with 48 partners nationwide and internationally, from St Andrews to Swansea and China to Australia, and have reached 1.6m people. In addition to sharing the Gallery's Collection, we have also launched an exciting exhibitions programme, which was designed to promote engagement with the art of portraiture more widely.

The National Programme – sharing the Collection

Portrait Mode

To celebrate reopening, we launched *Portrait Mode*, an unprecedented collaboration with 80 partners to highlight portraits on display across the UK. National, regional and commercial galleries took part, such as the Barber Institute Birmingham, The Beaney Canterbury, Chatsworth House, Leicester Museum, Cornwall Museums, Sotheby's, Christie's and The Wallace Collection. The campaign culminated in the creation of #InternationalPortraitDay and over 2,000 taking part on social media, including individuals and organisations such as Paul McCartney, NPG Smithsonian, The Met, Guggenheim Bilbao, Museo Nazionale Romano, Yale Center for British Art, NPG Australia, The Royal Academy, The National Gallery, Tate, Royal Museums Greenwich, Museum of Liverpool, Westminster Abbey, the DCMS, The British Council and British Embassies around the world.

National Programme

The partners in the National Skills Sharing Programme (see below), continued to borrow works for their exhibitions including Derby Museum's exhibition *Hogarth's Britons: Succession, Patriotism and the Jacobite Rebellion* and Northampton's exhibition *Power of the Portrait*. A collaborative exhibition *A Century of Style: Fashion Photography from the National Portrait Gallery Collection* ran at the Ulster Museum until 1 October 2023 and is due to tour to another UK venue in 2024.

Promoting engagement with the art of portraiture

A core strand of *Inspiring People* has been working with communities to break down barriers and increase participation. We have delivered projects nationwide, ranging from Sheffield to Southampton, working with local groups and young people to re-interpret portraits and explore under-represented narratives, resulting in acquisitions and displays at partner venues and NPG.

Citizen UK looked at migratory experiences; *People Powered* highlighted industrial heritage and its legacy; and *Creative Connections* involved young people exploring pride and place. Our community work has had a positive impact for participants. Evaluation showed that *Citizen UK* brought local people skills and improved employability, and *People Powered* contributors increased their understanding of local heritage. A *Citizen UK* Partner said the 'launch event ...one of the best I've ever witnessed ... so many of the Punjabi community coming to the gallery, people who just never, ever have been here before.'

During the year the Gallery launched a new project, the *Making of Me* partnership with The Raheem Stirling Foundation, which focuses on building self-esteem and employability among 60 young people in Brent (Stirling's home borough). Responding to the Gallery's wider Collection of historic and contemporary portraits, participants have worked with photographers, filmmakers and digital producers over a ten-month period to create a collaborative piece of art responding to themes of self-identity, representation, place and community. One of the participants commented, 'This experience has been enlightening. I have discovered sides of myself I didn't know were there.'

Further information about these projects can be found on our website (npg.org.uk).

Supporting skills sharing and expertise

The National Skills Sharing Partnership Programme, a key strand of the *Inspiring People* activity plan, concluded during this period with the final exhibition *A Century of Style: Fashion Photography from the National Portrait Gallery Collection* at the Ulster Museum. This was a highly successful programme comprised of museum professionals at 12 organisations, ranging from Laing Art Gallery,

Newcastle to Gainsborough's House, Suffolk. As well as providing placements, mentoring and seminars, the programme produced collaborative displays, delivering opportunities to share Collection works and generate content for our redisplay. Over 300,000 visitors saw the Gallery's Collection across the 12 skills sharing partnership displays and exhibitions.

Evaluation following the project highlighted the benefits of the programme, including internships providing routes into the sector for more diverse applicants, participating staff acquiring new tools and enhancing their skills as practitioners and focused support on career progression. As a result of the professional development that had taken place between institutions, partner organisations gained a greater curatorial understanding around portrait collections and developed creative ways in which portraits could be made more relevant. One participant commented '*...the National Skills Sharing project should be considered the benchmark or role model for all future national partnerships between museums, art galleries and other cultural organisations.*'

The Gallery continues as the lead partner in the Understanding British Portraits Network. This is an active network with free membership for professionals working with British portraits including curators, museum learning professionals, researchers, academics and conservators. The Network organises seminars, events and fellowships. The Network currently has over 1,300 members.

Public Programme

The public programme was also launched as part of the Gallery's reopening with a series of high-profile 'in conversation' events, with Dame Tracey Emin, Jamie Fobert and Sir Paul McCartney with the Gallery's Director, Dr Nicholas Cullinan OBE. These were complemented by a series of lunchtime lectures, events and workshops. During this period the Gallery also launched Studio Hub, a programme developed in partnership with Age UK Camden and Portugal Prints which delivers workshops for people living with dementia and mental health difficulties with the aim to foster community and a sense of belonging for individuals at high risk of social isolation.

Pioneering research into portraiture

During the year research underpinned the *Inspiring People* interpretation strategy, nationwide Activity Plan and future development of displays and exhibitions.

Key activities include a successful application alongside REACH partners (the British Film Institute, Historic Royal Palaces, the National Trust and Royal Museums Greenwich) to the Arts and Humanities Research Council (AHRC) for the fourth round of Collaborative Doctoral Partnership funding, with the first studentships to begin in October 2024.

Additionally, the Gallery's application to the AHRC's Creative Research Capability Award for a project led by The National Gallery, 'The Reynolds Digital Research Resource: Access to Rich Heritage Science Data in its Multidisciplinary Context and a Template for Future Initiatives', had been accepted, with Dr Alexandra Gent from NPG fulfilling the role as Co-Investigator.

Feedback on 'Faces in Focus: Equipping the National Portrait Gallery's New Conservation Laboratory for Photography, Works on Paper and Miniatures' funded through the AHRC's RICHeS is being awaited.

Exhibitions Programme

During this period, the Gallery announced its exciting exhibition programme for the year ahead. This included two major exhibitions highlighting world-famous artists Sir Paul McCartney, *Paul McCartney Photographs 1963 - 64: Eyes of the Storm* and David Hockney, *David Hockney: Drawing from Life*. Both exhibitions achieved strong visitor attendance and five star reviews. The programme also

included *Yevonde: Life and Colour*, which showcased the Gallery's most significant acquisition to date of a colour archive by a woman photographer.

The annual *Taylor Wessing Photo Portrait Prize* showcased young photographers, gifted amateurs and established professionals and explored both traditional and contemporary approaches to the photographic portrait. The *In Focus* display featured work by Moroccan-British artist Hassan Hajjaj. This year also saw the announcement of the return of the *Portrait Award* in 2024, with new sponsor, Herbert Smith Freehills, celebrating the very best in contemporary portrait painting from entries across the world in an exhibition opening in July 2024.

The exhibitions *The Time is Always Now: Artists Reframe the Black Figure*, a major study of the Black figure and its representation in contemporary art, and *Francesca Woodman and Julia Margaret Cameron: Portraits to Dream In*, featuring works from two of the most influential women in the history of photography, were also opened during this period.

The *Paul McCartney Photographs 1963 - 64: Eyes of the Storm* exhibition has embarked on its international tour, with two versions of the exhibition touring concurrently, including its display at the Chrysler Museum of Art, Norfolk, Virginia; the Brooklyn Museum, New York; and two further venues on the West Coast of the US. At the same time, a second version of the exhibition was opened in Japan at Tokyo City View and Grand Front Osaka.

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

One of the main objectives of the *Inspiring People* project was to share our unique Collection with the widest, most diverse audience possible. In the first three months of opening, 66% of UK ethnic minority visitors and 63% aged 16-24 had never been to the NPG before. In comparison to pre-closure figures, there has been a 66% increase in first time visitors, and a 61% increase in families visiting.

Below is a summary of the activities undertaken during the past year to deliver this objective.

Schools and Families Programme

We unveiled the new Learning Centre as part of the Gallery's reopening in June 2023, which has doubled in size with improved multimedia facilities and equipment, a lunchroom, garden and display space to platform national partnerships. To show our commitment to young people, the first official visitors to the reopened Gallery were children. We hosted a day for primary schools, culminating in a Children's 'Press Conference', in partnership with BBC Blue Peter, where pupils questioned Gallery experts.

Schools were able to access the newly designed sessions for key stages 1-5 and SEND across History, Art and Design subjects when the Gallery reopened in June, with all sessions fully booked within six weeks. Sessions for primary students included 'The Search for Mary Seacole' and 'Meet the Tudors', and for secondary students 'Migration: 1500s to the present day'. Further CPD events have been held for teachers throughout the year, and discounted tickets have been made available to schools for *David Hockney: Drawing from Life* and the *Taylor Wessing Photo Portrait Prize 2023*. The Gallery has had a very positive response to the Learning Programme – during the 4-week period from reopening until the end of the summer term we received over 11,000 school visitors – a threefold increase on pre-closure. Bookings and interest in all programmes remains strong with over 1000 students per week using the Learning Centre.

Families Programme

During this period the Gallery launched 'Little Explorers', free monthly sessions for children under 5 and their parents/carers engaging through storytelling, singing and making activities. This has been developed in partnership with Westminster Family Hubs and Home-Start Westminster to target local families and those who currently do not visit museums and galleries. One of the sessions was connected to the *Citizen UK* Croydon's Caribbean Influencers display. Storyteller Wendy Shearer told Caribbean folktales in the space, followed by a workshop creating carnival masks. The interactive session involved music, dance and props with 26 participants, 33% of whom had never been to the Gallery before and 100% said they would return. Another highlight was the Gallery's participation in the Big Draw international drawing festival, delivering activities inspired by the theme 'Drawing with the Senses' which received 500 visitors.

Photo Portrait Now (HE/students)

Launched in November 2023, *Photo Portrait Now* is a project which has brought together five BA photography courses from across England and Wales (University of South Wales, London South Bank University, University of Creative Arts Farnham, University of Plymouth and Arts University Bournemouth) for a programme of engagement with the photographic collection. As part of this project, students have been working alongside the Gallery's Curatorial and Learning teams and contemporary photographers to support the development of their own practice and create new work which will be displayed in the Spotlight Space at the end of the year.

Schools Hub

Following the extraordinary success of the *Faces and Places* programme (which delivered workshops and resources to over 40 schools across seven London boroughs), the Gallery developed and launched Schools Hub during this year to provide remote activity and support to schools. This is a new digital learning offer which aims to make the National Portrait Gallery the go-to place for schools across the UK and beyond studying art and design and history through portraiture. It features an initial 150 specially commissioned curriculum-linked learning resources and videos that introduce and explore individuals and key topics, enabling students to connect with and be inspired by the Collection. By December 2023, the platform had received over 37,000 views. The most popular resources were: 'Identity through portraiture: the self' and 'David Hockney: Drawing from Life'.

Young People's Programme

Drawing in a younger audience was a key priority of the *Inspiring People* project. Critical to this has been capturing the views, interests and ideas of young people. The Youth Forum, which is comprised of a group of 50 young people, has continued to help deliver the online offer to engage young people across the UK. Sessions delivered included *Citizen UK* Croydon Caribbean Influencers working with Croydon Poet Laureate Shaniqua Benjamin and Windrush 75. The Youth Forum were also involved in creating the new Bloomberg Connects Audio Trail 'Campaigners and Changemakers', recording their personal responses to inspirational sitters. One Youth Forum member commented, '*My time in the NPG Youth Forum was the most inspiring and influential period of my life.*'

The Young Producers bursary-funded programme was launched in October, inviting 15 young creatives aged 18-21 to plan Youth Private Views. Throughout 2023-24 the Young Producers have delivered a series of late-night free events, involving live music, performances, film screenings, artist talks, workshops, quiet spaces and more. As well as drawing in a younger audience, this programme also offered creative and professional development for the Young Producers alongside industry professionals. One Young Producer commented, '*NPG provides a supportive environment for like-minded young people with a programme that not only nurtures their creativity but also transferable skills to supplement their career.*'

Portfolio workshops and Reviews were introduced in October, specifically designed for young people aged 16-21, which involved delivery of a day of portrait workshops with professional artists designed to build and enhance portfolios. These were continued throughout the year, complemented by talks from industry professionals.

Hospitals Programme

The final year of the current four-year Hospitals project commenced in September 2023, with the Gallery's team of artists bringing creative workshops, inspired by the stories and portraits in the Collection, into children's hospitals across London. This has been a hugely successful programme, with one participant commenting, '*Participating in arts workshops while in hospital was invaluable for me. They were a great distraction from long days, for my parents and for me.*' Plans for the next multi-year funding proposal are in development, shaped by evaluation of the project. Our five ongoing partners are Evelina Hospital School, Royal London Hospital, Newham University Hospital, Great Ormond Street Hospital (GOSH) and Chelsea and Westminster Hospital.

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

Acquisitions and Commissions

The joint acquisition of the *Portrait of Mai*, together with J. Paul Getty Trust (Getty), in April 2023 was one of the most significant acquisitions in the Gallery's history. The Gallery funded £25m through donations and from our investments to match the contribution by Getty, forming an innovative international partnership that will maximise access to this great work of art. We were delighted that *Portrait of Mai* was awarded Apollo's 'Acquisition of the Year' in November 2023. This acquisition was supported by pledges from the National Heritage Memorial Fund, Art Fund, The Portrait Fund, the Deborah Loeb Brice Foundation, Julia and Hans Rausing, Ian and Batia Ofer Family Foundation, David and Emma Verey Charitable Trust, Art Fund members and various other trusts, foundations, and individuals. The work by Sir Joshua Reynolds will tour to venues across the UK, where it will have maximum impact with audiences. Prior to the portrait leaving the Gallery, a focused programme is in development to connect with the work planned with partner venues.

A number of other important works have been acquired, which continue to support our ambition to increase the diversity of sitters across the Collection. This included the acquisition of a self-portrait by Erica Rutherford, one of the first openly transsexual British artists working in the 1960s and 1970s, and a portrait of Terrence ('Terry') Higgins which represents the legacy of Higgins' life and the impact of AIDS in Britain in the 1980s. Issy Woods' self-portraits and a painting of Mary Patricia Oanter-Downes by Eileen Robey have increased the representation of female sitters and artists within the Collection. The acquisition of portraits of Dame Jane Goodall by Wendy Barratt given by Storyvault Films Limited, and Sydney Savory Buckman by Percy W. Buckman, given by Professor Hugh Simon Torrens, have expanded representation in the fields of science, environmentalism and palaeontology. The commission of the bronze doors was another highlight, as previously noted.

Working in partnership has been key to our success and we are continuing to develop this model. For example, the CHANEL Culture Fund has agreed to support a programme of interventions by contemporary artists which will build on achievements so far including new displays and publications.

The Photographs Collection

We are grateful to have received a number of generous gifts for the Photographs Collection. These include eleven works by noted portrait photographer Lotte Meitner-Graf, comprising one self-portrait and ten portraits of distinguished women in the arts, science and politics, given by the Lotte Meitner-Graf Archive; two well-known portraits of the Beatles gifted by the photographer Harry Benson; Noel

Gallagher gifted by the photographer Zoe Law; and two portraits of Madness, taken to mark the band's fortieth anniversary, given by the photographer Martin Parr.

Notable purchases for the Collection include eighteen photographs of pioneering dancer and choreographer Hilde Holger; interior decorator Syrie Maugham by Cecil Beaton; and jazz singer Adelaide Hall by Angus McBean. The Yevonde Family Archive, comprising rare vintage prints by the pioneering woman photographer, has found a permanent home at the Gallery. They join vintage prints and negatives already in the Collection to make the NPG the most significant archive of Yevonde's work.

We have increased our representation of contemporary women photographers and sitters, many of whom were not previously represented in the Collection. These include actresses Letitia Wright and Michaela Coel by Christina Ebenezer; musicians Wet Leg by Sadie Catt; and model Iman and musician Dua Lipa by Nadine Ijewere.

With the support of the CHANEL Culture Fund we acquired a portrait of Princess Sophia Duleep Singh, a prominent suffragette and pioneer for women's rights in early 20th century Britain, who we have long wanted to represent in the Collection, and two significant self-portraits by the artist Jo Spence.

We were able to exhibit these acquisitions in a recent display, alongside seven newly commissioned portraits of inspiring actors, activists and authors photographed by Magnum photographers Olivia Arthur, Cristina de Middel and Susan Meiselas. This important series of commissions was made possible with the support of the CHANEL Culture Fund and in partnership with the international photographic co-operative Magnum Photos.

Caring for and cataloguing the Collection

The Collections Services team successfully completed the reinstallation of the national Collection in readiness for the reopening in June. Other achievements included the move of over 700 works to new commercial storage spaces in line with the Gallery's medium-term storage strategy, the completion of the new negative stores at Orange Street as part of the long-term strategy for the negatives collection, and the review of Collections policies and procedures in preparation for the next Arts Council England's Accreditation return.

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

Delivering online content

The Gallery has seen a significant increase in its online audience since June 2023. For example, in the reopening week the website received 191,000 visits, an increase of 45% year on year; on social media, it is estimated that the reopening activity had a reach of over 50 million. Our social channels now reach over 2 million followers, an 11% increase over the past twelve months, and it was reported in the Art Newspaper in April 2024 that the Gallery was in the top 20 most followed museums globally on social media.

In 2023-24, the Gallery's website reached 5.5 million users, 22% over target and an increase of over 1 million year on year. These users accounted for 7.9 million sessions, with 40% of visits to view the Collection online.

Website accessibility has been improved including increased mobile optimisation, which advanced from a rating of 30% in June 2023 to 80% in January 2024. Digitisation of the Collection has continued to grow and during the year the team have created 2,384 images, including scanning 159 Yevonde negatives.

Since reopening, 40,000 people have used our gallery guide on the Bloomberg Connects mobile app. The 'Meet the Portraits' audio tour has received 23,000 impressions and new content has included the 'Campaigners and Changemakers' tour released in January 2024. Out of 200 institutions, the NPG was the most used guide on Bloomberg Connects in June and July 2023 and has been featured in Bloomberg marketing campaigns as a flagship guide.

Engaging audiences through communication

2023-24 was an exceptional year for Gallery communications with a major cross-channel marketing campaign in the build up to and throughout the reopening period, which resulted in over 90 million impacts and over 1,800 national and international press pieces with a reach of over 4 billion. High-profile campaigns also supported acquisitions, exhibitions, commercial activity and the public programme throughout the year. The new brand was further embedded and was highlighted by Dezeen as one of the top ten international logo redesigns in 2023.

On the reopening day a 'stunt' saw six of the Gallery's most loved sitters, including Elizabeth I, Shakespeare and Mary Seacole, make their way from various locations in London, including the Globe Theatre and Tower of London, to the newly opened Gallery with their journeys filmed and shared widely across our channels. *Portrait Mode*, an unprecedented collaboration with 80 partners to highlight portraits on display across the UK, culminated with #InternationalPortraitDay on 23 June. The hashtag trended on Twitter/X and NPG posts achieved a reach of 120,000. Over 2,000 individuals took part and in total the day garnered approximately 58 million impressions and a reach of 5.3 million.

Reopening reviews included 5 stars in The Times and The Observer and 4 stars in The Daily Telegraph, The Evening Standard and Mail on Sunday with further praise in The Independent ('*Stunning*') and The Guardian ('*signifies a new era*'). The Financial Times said '*the renovation has created a beautifully public-facing museum*' and in her hugely positive Guardian review Katie Hessel said the new NPG '*reflects a Britain I am proud to be part of*'. Coverage analysis showed overall 99% positive sentiment.

Key media partnerships during the year included a major piece in The Telegraph Magazine and an accompanying film; a three-part documentary series on Sky Arts, titled *Stories from the National Portrait Gallery*; a ten-part series on BBC Radio 4, *Close Encounters*; a special episode of BBC Blue Peter, focused on schools and families; and filming for Sky Arts' *Portrait Artist of the Year* and *Portrait Artist of the Decade*, which were supported with a display in the Spotlight Space. Over the summer 50 portraits from the Collection were displayed in colourful installations hanging over Leicester Square and Piccadilly Circus, called *Art Reframed*, as part of a collaboration with the Heart of London Business Alliance for their Art of London Summer Season.

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

The Gallery relies on, and is grateful for, the help and generosity of individuals, public bodies, foundations and corporate sponsors. We also generate income through ticketing, retail sales, publishing, event hire and catering and all of our income supports the vision and objectives of the Gallery. The Gallery continues to build on its entrepreneurship to maximise commercial opportunities to ensure we remain financially sustainable for the future.

Securing public and private sector support

It has been a record-breaking period for fundraising at the Gallery, with fundraising targets for unrestricted income and acquisitions fully met and a 200% increase in fundraised income compared to the year prior to closure. With the support and collaboration of Trustees and staff across the Gallery, we realised our largest ever capital campaign with funding secured for the *Inspiring People*

project and accomplished the most ambitious acquisition with over £25m raised through donations and from our investments for the joint purchase of Reynolds' *Portrait of Mai*. Much of the activity during the last year has been around celebrating and acknowledging our supporters, including significant events led by the Director to mark the opening of the Weston Wing and Mildred and Simon Palley Learning Centre, as well as a number of smaller-scale thank you tours, the Supporters Preview Day, a dinner for Patrons, a breakfast for major supporters of the Mai campaign and multiple events for our major corporate supporters.

Individual Support (Major Donors, Legacies)

Almost 50 new Patrons have joined the Gallery since reopening, across the four levels of support, Bloomsbury, Reynolds, Ditchley and Life Patrons, which were introduced in January 2023. We have retained 95% of our existing Patrons and plan to grow further in 2024-25. Individual Support has also been provided in various ways: sponsoring benches designed by the *Inspiring People* architect, Jamie Fobert; adopting a portrait in the Collection; and with two individuals leaving legacies to the Gallery. The Gallery was also pleased to have received further support from the Law Family Charitable Foundation to extend the Law Photography Programme.

The Gallery held the Portrait Gala in March 2024, the first one held since 2019 and in the newly-transformed space. This was a significant fundraising event, chaired by Edward Enninful OBE and Malala Yousafzai, which served as a moment to engage supporters after the reopening and critically introduced a new generation of supporters to the Gallery. The first-ever After Dinner Party and the money-can't-buy prizes at the Silent Auction were particular highlights.

Membership

There has been a surge in new members over the year, a 50% year on year increase, driven by anticipation around the Gallery reopening, positive reviews and our major exhibitions *Paul McCartney: Eye of the Storm* and *David Hockney: Drawing from Life*, which saw a conversion rate of 2.4% and 2% respectively of visitors signing up for Membership. This year Members have accessed specially curated events, a new offer for the Gallery, which included 'An Introduction to the Collection' by Senior Curator Sarah Moulden. We plan to continue building the programme over the next year.

Statutory Funders, Trusts and Foundations

As well as maintaining excellent relationships with existing statutory funders, major charitable trusts and foundations and smaller grant-makers, the Gallery has developed further relationships in order to support our long-term ambitions. This includes support from the Huo Foundation, who generously supported *The Time is Always Now: Reframing the Black Figure*, and the Kusuma Trust which has enabled the Gallery to relaunch and deliver school outreach across London.

Corporate Support

We are grateful to all of our existing and new partners who have joined the Gallery's corporate sponsorship programme this year. The Gallery relaunched the *Portrait Award* under the new title sponsor Herbert Smith Freehills and Taylor Wessing continued as support for the *Photo Portrait Prize*. Bloomberg Philanthropies were the exhibition partners for *Paul McCartney: Eye of the Storm* and Bank of America were principal partner for *The Time is Always Now: Reframing the Black Figure*. The Gallery also announced an extended partnership with the Chanel Culture Fund, which would enable the Gallery to build on the success of 'Reframing Narratives of Women in Portraiture'.

Maximising commercial opportunities

In June 2023 the Gallery launched its exciting new retail and hospitality offering to our visitors. This includes Audrey Green and Larry's Bar, a café and bar by a new partner for the sector, Daisy Green Collection; and the rooftop Portrait Restaurant by Richard Corrigan. All provide extended opening hours and offer a range of experiences from morning coffee to evening cocktails. Both have received excellent reviews from our audiences and from critics – 'The National Portrait Gallery's in-house fine

dining spot offers views for days and seriously great cooking from an Irish masterchef, Time Out and *'the best Martini in London this year'*, Hot Dinners.

The Financial Times listed the main Gallery shop in the 22 best museum shops in the world. A reinvigorated product range includes extensive jewellery, ceramics and editions ranges inspired by the collection and exhibition programme and bestsellers were NPG publications, tote bags, the Queen's corgi decoration and the NPG logo umbrella. This year has also seen the exciting launch of a Dame Tracey Emin china range, based on the designs of the bronze doors. Much of the emphasis of the development of the product range has been on sourcing local products and items made from sustainable materials.

Ecommerce sales continue to grow significantly year on year increasing by 78% on the previous year, with exhibition books, the McCartney limited editions and prints, and the King's Coronation range being the bestsellers. A number of publications were produced during this period, including *The Collection*, an updated guidebook to accompany the Gallery's redisplay, *Women at Work*, and catalogues for the exhibition programme, including *Yevonde: Life and Colour*, *David Hockney: Drawing from Life*, and *Reframing the Black Figure: An Introduction to Contemporary Black Figuration*.

Between the period of reopening to the end of March 2024, the Gallery hosted a number of out of hours events, including high-profile internal events, Corporate Partner and Sponsor bookings and private venue hire, all of which contributed to the self-generated income stream which serves to reinforce the Gallery's overall aims and objectives.

The National Portrait Gallery Company Limited

All of the above trading activities are processed via the Gallery's Trading Company. The Trading Company made a profit of £221,000 in 2023-24.

6. Develop the leadership, values and culture that create a high-performing and diverse workforce and encourage creativity and collaboration

Putting people at the heart of what we do

Our colleagues are the most significant resource for the Gallery and without their dedication and contribution, the Gallery would not have achieved the remarkable results during 2023-24.

The new organisational values (pulling together; building trust; asking, listening and acting; and looking beyond the obvious) have now been strongly embedded across the Gallery with results from staff surveys commenting on the positive culture and demonstration of the Gallery's vision being lived in daily work.

We continue to ensure that employees are well informed about Gallery activities and support their health and wellbeing needs. In addition to regular updates to all staff through Monday Morning Meetings, Town Hall meetings, the staff intranet and newsletters, we introduced several new working groups to enable collaboration and encourage creativity, whilst reinstating some networks which had been paused during closure. Efforts are made at all levels to give employees the chance to ask questions, to raise issues and concerns, and to provide feedback in order to help shape the organisation's future plans and working practices. For example, plans are underway to reinstate the Senior Management Group, to provide support for the Director's Group on strategic, policy and operational issues. This is in addition to the Cross-Departmental Working Group, comprised of colleagues at various levels of the organisation, where plans are shared and ideas discussed.

The Gallery is committed to understanding how employees feel about working for the National Portrait Gallery and continuously improving this experience. The latest engagement survey revealed

overall positive results, indicating an improvement in key areas of employee satisfaction and engagement compared to last year's findings. This achievement reflects our collective efforts to create a more supportive and engaging work environment. Feedback from the survey is discussed at both a Gallery-wide level and at a local level within departments, to identify actions and track progress against our People and Culture priorities.

Health, safety and wellbeing continues to be an area of emphasis for the Gallery, ensuring that it is built into all aspects of our culture. Regular communication to staff and the reinstatement of the Health and Safety Working Group will further push this agenda for the next 12 months.

The Gallery recognises three trade unions: First Division Association (FDA), Public and Commercial Services Union (PCS) and Prospect. We continue to meet with the unions monthly throughout the year and have maintained strong and effective relations, as they assist us in supporting our employees.

Investing in developing a diverse workforce and progression routes

We are committed to ensuring that opportunities to work at the Gallery are open to all, that employees feel valued and that opportunities are available to everyone. One of the priorities of the Equality, Diversity and Inclusion Steering Group has been leadership and culture, embedding EDI behaviours, delivering the new EDI strategy and taking positive action to increase the diversity across the Gallery. In terms of the Gallery's workforce diversity, 12% of staff are from UK ethnic minority groups and there has been an uplift in female employees (+33%) and people with a disability (+60%) since 2022-23.

The Gallery-wide volunteering programme is now well established, with both Visitor Experience and Learning Volunteers participating routinely. There are also an increasing number of volunteer roles in departments throughout the Gallery, including Conservation, Collections and the Schools Digital programme, enabling people to access opportunities for experience and progression in the sector. 298 volunteers have contributed 23,000 hours and are significantly younger and more diverse than the national profile of volunteers (monitored by Community Life Survey); 45% are aged 16-24 (CLS 14%) and one in three (31%) are from UK ethnic minorities (CLS 18%).

We are currently establishing a Volunteer Forum to enable and capture the volunteer voice, feedback and ideas. Volunteers tell us frequently of the positive impact their participation has had on their lives, as one Visitor Experience volunteer explained: *'I went into this expecting to do something interesting over the summer, yet I left with a changed perspective on life. I would recommend volunteering at NPG to anyone.'*

The Gallery continues to provide access for employees to a range of training activities and funding for membership bodies access, for colleagues to support their ongoing professional development.

Composition of the NPG Group's workforce (as at 31 March 2024)

	2020-21	2021-22	2022-23	2023-24
HEADCOUNT	143	150	197	275
FTE	127.23	137.73	180.3	233.67
DIVERSITY				
White	83.2%	82.0%	80.7%	69.8%
Other than White	11.9%	12.0%	10.7%	12.4%
Did not wish to provide	4.9%	6.0%	8.6%	17.8%

GENDER				
Male	26.6%	24.7%	20.3%	22.6%
Female	73.4%	75.3%	78.6%	76.7%
Non-binary	0.0%	0.0%	1.1%	0.7%
STATUS				
Part-time	32.9%	26.0%	26.9%	32.7%
Full-time	67.1%	74.0%	73.1%	67.3%
DISABILITY*				
Yes	2.0%	2.7%	5.1%	5.5%
No	98.0%	97.3%	89.9%*	94.5%

*2022-23 – 5% of staff preferred not to say

Future Developments

Beyond Inspiring People...

In the immediate-term, the focus for the Gallery will be the recruitment campaign for the new Director of the Gallery and other senior leadership roles. Other priorities for the Trustees are focused on exploring new income streams for the Gallery, including a review of our membership, retail and hospitality offer as well as identifying opportunities to grow further income from events and corporate hire. Alternative revenue sources through the use of digital technologies to support our exhibitions programme are also being explored, with these activities also supporting our objectives of reaching new audiences and enriching society with stories of people who have helped shape, and continue to shape, our nation.

Longer-term, Trustees are focused on the future strategy for the Gallery, a plan which has been built from the enormous success of the *Inspiring People* project. This ambitious and exciting plan extends over the next ten years and is intended to transform the Gallery and to celebrate the power of portraiture in new and creative ways through the following lenses: our Reach, our Relevance, our Revenue and our Resilience. The broad ambitions for these are detailed below:

For Reach, we aim to provide digital experiences to our audiences that bring portraits to life, and utilise digital channels to contribute to contemporary conversations about life in the United Kingdom. We aim to further enhance our successful Learning programme as ‘truly national’, through partnership with audiences, and cultural and educational partners, transforming the understanding of portraiture.

For Relevance, we aim to continue to present an increasingly diverse range of sitters to explore the rich and complex history of the nation, underpinned by research and consultation, to build the audiences of the future. We aspire to grow the Collection to reflect traditional media and the work of artists expanding the boundaries of portraiture, and longer-term to develop a Collection Hub which will provide dedicated facilities for the Collection and for research, with access extended to the public.

For Revenue, we seek to grow income by further enhancing our offer to visitors, whether it be our vibrant exhibitions programme, our events, hospitality or shopping, as well as build our base of supporters globally in order to support some key ambitions of the ten year plan.

And **for Resilience**, we seek to introduce greater efficiencies to our operational model and systems and to further improve our cyber security resilience. We wish to further progress our sustainability agenda, ensuring that the Gallery acts sustainably in all that we do, and we aim to be recognised as an employer of choice in the sector.

The next ten years will see us consolidating on this and our renewed flagship, **to move beyond the building and beyond the frame**; as we become the most truly national museum, using digital to broadcast nationally and internationally, more widely and inclusively than ever, increasing participation and impact and ensuring we are **at the forefront of the evolution of portraiture as generated by technology and adopted by artists**. By delivering the objectives as set out in the ten year plan, the National Portrait Gallery will affirm its place as one of the must-see museums in the UK and the global centre of portraiture.

Performance indicators

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

Performance indicators

	Actual 2024 000s	Actual 2023 000s
<i>Access</i>		
Number of actual visits	1,552	-
Number of unique users visiting the website	5,500	3,638
<i>Audience profile</i>		
Number of visits by children under 16	95	-
Number of overseas visits	589	-
<i>Learning / outreach</i>		
<i>Children</i>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	32	-
Number of instances of visitors under 18 participating in on-site organised activities	3.5	-
<i>Visitor satisfaction</i>		
Percentage of visitors who would recommend a visit	99	n/a
<i>Income generation</i>		
Exhibitions income (admissions and other exhibitions related income)	5,357	1,789
Trading net profit/(loss)	221	(226)
Fundraising (including capital)	25,288	12,332
Ratio of Fundraising to Grant in Aid	2.3:1	0.66:1
<i>Regional engagement</i>		
Number of UK loan venues	22	24

1,552,503 visitors attended the Gallery in 2023-24 (nil in 2022-23). As we were closed until 22 June 2023 these figures do not represent a full year of activity. The number of unique users visiting the website has increased to 5.5 million in 2023-24 (3.6 million in 2022-23). The Gallery has implemented a new tool to analyse user figures, and due to the different metrics and definitions in use, the total number of unique users does not form an exact comparison to last year's reported figures. For comparison, the current tool in use reports that there were 4.5m unique users last year, still showing a significant increase.

The increase in fundraising income is due to £15.3m raised towards the £25.0m joint acquisition of *Portrait of Mai* by Joshua Reynolds with Getty. As to be expected, an increase in both exhibitions income and the trading company profit are due to the reopening of the Gallery.

Sustainability

Operations & Sustainability

The National Portrait Gallery is deeply committed to the principles of sustainability and environmental responsibility. We recognise the climate and ecological emergency and our role in addressing it. With this in mind, we are dedicated to aligning our operations with the global sustainability agenda, minimising our environmental footprint, and promoting awareness of the importance of sustainability in the arts and heritage sector. Our environmental targets are:

- **Carbon Emission Reduction:** We aspire to demonstrate leadership within the arts and heritage sector in responding to climate change and work towards achieving net-zero emissions by 2030 across the Gallery and Trading Company activities.
- **Public Awareness:** We will actively engage in raising public awareness of the climate and ecological emergency. We will support innovative initiatives addressing these challenges within the framework of our vision and values.

We have prepared this Sustainability Report in order to provide information on the activities already undertaken and plans we have in place for reducing carbon emissions.

Governance

The Board of Trustees retains overall oversight of the Gallery's sustainability strategy and climate-related issues. The Board's Finance and Operations Committee has responsibility delegated to it for an annual review of the Gallery's Environmental and Sustainability Policy, which sets out the Gallery's commitment to the principles of sustainability and our targets for working towards achieving net-zero emissions and increasing public awareness of the climate and ecological emergency. Moving forwards, there will be a mechanism for more consideration of climate-related issues when considering major policy change, organisation plans and annual budgets to ensure that it is at the forefront when making significant decisions. Sustainability is a key priority of the Gallery's ten year plan, with associated KPIs in place which will be regularly reviewed and monitored to assess our progress against these objectives.

The Director's Group retains executive oversight of the sustainability strategy and climate-related issues, with the Head of Estates and Operations holding day-to-day responsibility for this function. The Head of Estates and Operations will be reporting on the development of and progress against the Gallery's sustainability strategy and on any climate-related issues to the Director's Group and to the Finance and Operations Committee, a subcommittee of the Board of Trustees, on a regular basis - quarterly for the former, annually for the latter. The Head of Estates will be supported by the 'Green Group', a group comprised of colleagues across the organisation with roles which will support the delivery of the sustainability strategy. This Group had been temporarily suspended during the *Inspiring People* project and will be reinstated shortly. The Gallery's sustainability agenda will also be a regular feature of future Senior Management Group meetings where colleagues will collectively monitor and review climate-related issues across the Gallery.

Mitigating climate change: working towards Net Zero by 2050

Under the *Climate Change Act 2008*, the Government put in place legally binding carbon reduction targets of 35% by 2020 and net zero carbon emissions by 2050 compared to 1990 levels. The Gallery has been measuring and reporting emissions since 2014-15, and in line with the Financial Reporting Manual (FRoM) guidance now uses 2017-18 as the baseline year.

Overall, the Gallery's carbon emissions for Scopes 1 and 2 have reduced by 18% since the baseline year. A number of energy-saving interventions have been made across the estate since 2017-18 to manage energy usage and emissions and further plans are underway to ensure that the Gallery meets the 2050 target. The Gallery currently does not own or have plans to own, hire or lease car

fleets and is seeking to develop a strategy which includes plans for reducing emissions caused through travel i.e. reducing emissions from domestic flights by 30% from the 2017-18 baseline and to reduce international business flights to further reduce emissions. The strategy will also include a review of Gallery policies to ensure that lower carbon options for travel are considered as the preferred first option.

Sustainability is an important issue for the National Portrait Gallery, which is demonstrated by an ongoing programme of upgrade works, carried out as part of its regular maintenance regime. As part of this programme of works, a significant amount of the existing lighting within the building has already been converted to LED lighting, and outdated and obsolete controls are being replaced over time with modern, more efficient controls.

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

As part of our plans to improve reporting in this area, we will regularly review our carbon emissions targets, objectives, and baseline measurements to adapt to our expanding operations and their impact on the environment. The Gallery has commissioned an energy usage audit to support this activity.

Greenhouse Gas Emissions

		Base yr. 2017-18	2021-22*	2022-23*	2023-24*	% change on base year
Greenhouse Gas Emissions (tCO2e)	Scope 1 & 2					
	Scope 1 (direct)	596	178	396	578	-3%
	Scope 2 (indirect)	786	185	329	556	-29%
	Total scope 1 & 2	1,382	363	725	1,134	-18%
	Scope 3					
	Business Travel Emissions*	78	6	6	57	-27%
	Total scope 3	78	6	6	57	-27%
	Total Scope 1 - 3	1,460	369	731	1,191	-18%
Energy Use (kWh)	Electricity (renewable)	0	0	0	0	0%
	Electricity (non-renewable)	2,237,168	872,858	1,549,740	2,558,105	14%
	Gas	3,230,037	969,780	2,163,729	3,160,875	-2%
	Total kWh	5,467,205	1,842,638	3,713,469	5,718,980	5%
	Total kWh per visitor	3	n/a	n/a	4	33%
Expenditure (£)	Electricity	213,859	152,559	267,880	694,380	225%
	Gas	63,906	32,367	90,135	166,463	160%
	Business Travel	10,766	9,316	33,986	21,511	100%
	Total Expenditure	288,531	194,242	392,001	882,354	206%

**Note that the Gallery was closed to the public in 2021-22 and 2022-23; usage increased in 2022-23 as environmental conditions were in place for the re-install. The gallery reopened to visitors in June 2023.

Waste minimisation & management

During 2023-24, the National Portrait Gallery has continued to make some progress in waste management. The Gallery is now working with a full recycling service, which allows the separation of glass, food and mixed recyclables. Overall production of waste has decreased by 76% from the baseline year. Although the Gallery was not open for the full financial year, this is also due to a significant increase in waste being recycled/reused and 100% of food waste being composted using an anaerobic digestion process which, when complete, returns the waste to crops as fertiliser. The remaining waste is diverted to an incineration plant, where it is used to generate electricity for the National Grid.

In the future, our plan is to implement a 'refuse, reduce, reuse and recycle' approach to tackle waste. There will also be a requirement for all future contractors to adhere to the Gallery's policy on sustainability, particularly with respect to waste minimisation and management.

Finite resource consumption

Finite resource consumption significantly reduced post 2017-18, as a result of the Covid-19 pandemic and subsequent closure of the Gallery offices. Finite resource consumption remained low in subsequent years as the Gallery has implemented hybrid working practices, but has increased since reopening. Since the baseline year the Gallery has reduced annual water consumption by 19%, and continues to encourage staff to reduce paper usage.

A key priority within our sustainability strategy will be to continue to conserve energy, water and other resources in all aspects of our operations. By providing educational workshops and training in the future we will be able to encourage environmentally responsible behaviour among our staff. We aim to prioritise these reductions and embed them within our future operations.

Finite Resources, Waste

		Base yr. 2017-18	2021-22**	2022-23**	2023-24*	% change on base yr.
Waste (tonnes)	Landfilled*	2.10	0.00	0.00	0.00	-100%
	Hazardous waste disposed	-	1.00	1.00	0.00	n/a
	Reused/recycled	23.10	41.00	8.00	8.00	-65%
	Composted	22.50	2.00	1.00	4.00	-82%
	ICT waste recycled, reused and recovered (externally)	-	5.00	1.00	0.00	n/a
	Incineration with energy recovery	34.60	18.00	8.00	8.00	-77%
	Incineration without energy recovery	0.00	0.00	0.00	0.00	0%
	Total Waste	82.30	67.00	19.00	20.00	-76%
Spend (£)	Total Waste	17,500	29,700	1,811	14,599	-17%

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

**Note that the Gallery was closed to the public in 2021-22 and 2022-23, and reopened in June 2023.

Finite Resources, Water

		Base yr. 2017-18	2021-22*	2022-23*	2023-24*	% change on base yr.
Water use (m³)	Total scope 1 & 2	16,193	4,860	1,943	13,094	-19%
	Total scope 2 litres per visitor	0.009	n/a	n/a	0.008	-11%
Expenditure (£)	Water Supply	36,605	15,768	6,646	41,354	13%

*Note that the Gallery was closed to the public in 2021-22 and 2022-23, and reopened in June 2023.

Performance against Government Greening Commitments

The Gallery is committed to adhering to all relevant environmental legislation and standards. Our Environmental and Sustainability Policy is aligned to the Greening Government Commitments, with respect to: working towards net zero, minimising waste and promoting resource efficiency, reducing water waste, procuring sustainable products and services, nature recovery, adapting to climate change and reducing environmental impacts from information communication technology. Some of our activities in working towards these objectives are set out below.

Sustainable Procurement

The Gallery is adapting to new ways of working under the *Inspiring People* improvements, replacing old equipment with new and reviewing services along with service providers. A mainstay of this is inspecting suppliers' sustainability statements and/or processes, including but not limited to how they deal with their supply chain, waste recycling and carbon reduction. A key part of our procurement process is ESG compliance and associated accreditations (where possible). For example, both of the Gallery's hospitality providers are committed to sustainability, in terms of focus across their menus on seasonal, locally sourced and sustainable produce and a commitment to low waste as part of their operations. This is also incorporated in the commercial terms with our suppliers to ensure successful delivery. We will continue to collaborate with our partners and suppliers in the future to minimise the environmental impact of our supply chain, integrating environmental and ethical considerations when choosing suppliers, contractors and services.

Nature recovery and biodiversity action planning

The Gallery actively works to preserve and enhance biodiversity within its estate. The *Inspiring People* redevelopment includes an external courtyard in the Learning Centre, in which large planters house a selection of plants that conform to the National Plant Specifications: Acer Palmatum ‘Bloodgood’, Hakonachloa macra, Asplenium scolopendrium and Anamanthele lessoniana. At the new entrance of the Gallery there are London Plane trees, which were carefully protected during the construction of the forecourt.

Climate change adaption

Windows and skylights within the Gallery that had previously been blacked out during World War II have been uncovered and fitted with light filtering fabric to allow natural light into the Gallery spaces without damaging the artwork and reducing reliance on artificial light. Lighting in the Gallery has been upgraded to low-energy LED fittings. The heating/ventilation system has also been upgraded to use mechanical ventilation with heat recovery, recovering heat from inside the building and mixing it with fresh air. These upgrades to our systems reduce energy usage.

Reducing environmental impacts from ICT and Digital

The ICT and Digital teams at the Gallery have contributed to reducing the Gallery’s environmental impact during 2023-24 through a variety of initiatives. These include upgrading the onsite printers to models that use less energy; centralising media libraries to reduce the need to store large files in multiple locations; upgrading systems to make these more streamlined; and moving the Customer Relationship Management system to a cloud-based environment, using more optimised services and reducing energy usage.

Sustainable Construction

The *Inspiring People* redevelopment utilised the existing features and materials within the Gallery, minimising new build elements where possible. Original teak joinery was reused and reconfigured wherever possible, and sustainable iroko was used for any new timber required.

Immunity from seizure

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

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

2023-24 works covered by Immunity from Seizure

Exhibition	Period from	Period to	Number of works
<i>Yevonde: Life & Colour</i>	22 June 2023	15 October 2023	0
<i>Paul McCartney Photographs 1963 - 64: Eyes of the Storm</i>	28 June 2023	1 October 2023	0
<i>David Hockney: Drawing from Life</i>	2 November 2023	21 January 2024	6
<i>Taylor Wessing Photo Prize</i>	9 November 2023	25 February 2024	0
<i>The Time is Always Now: Artists Reframe the Black Figure</i>	22 February 2024	19 May 2024	6
<i>Francesca Woodman & Julia Margaret Cameron: Portraits to Dream in</i>	21 March 2024	16 June 2024	28
Total			40

Immunity from Seizure was not used in 2022-23.

Financial review

In line with relevant reporting requirements, the consolidated Statement of Financial Activities combines income and expenditure, capital (including major capital projects) and acquisitions for the Collection (including donated works of art). In terms of controllable revenue and expenditure items in the income and expenditure statement, National Portrait Gallery has delivered a surplus for the year.

The consolidated Statement of Financial Activities on page 64 shows total income of £46,919,000 (£34,213,000 in 2022-23). Of this amount, £500,000 (£8,318,000 in 2022-23) was applied to the capital programme, £16,520,000 (£4,508,000 in 2022-23) to Collection acquisitions and £nil (£nil in 2022-23) to Endowment Funds. The remaining £29,899,000 (£21,387,000 in 2022-23) was applied to ongoing operations (see expenditure below).

The Gallery received £10,985,000 of Grant in Aid (£18,623,000 in 2022-23), provided through DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £10,485,000 (£10,305,000 in 2022-23)
- capital expenditure grant used to support the purchase and maintenance of fixed assets of £500,000 (£8,318,000 in 2022-23)

The Gallery continues to supplement this grant from other sources and self-generated income from trading and fundraising amounted to £35,934,000 for the year (£15,590,000 in 2022-23). The increase in self-generated income is due mainly to fundraising activity which raised £15,335,000 towards the £25m joint acquisition of the *Portrait of Mai* by Joshua Reynolds with Getty, with the balance funded from restricted investment and endowments (see below). There were also substantial increases in trading and exhibitions income following the reopening of the Gallery.

Expenditure includes the costs of generating donations and legacies, trading and other costs, investment management costs and costs of charitable activities. The consolidated Statement of Financial Activities on page 64 shows total expenditure of £29,384,000 (£17,007,000 in 2022-23). Of this amount £3,051,000 (£2,609,000 in 2022-23) was applied to the capital programme, £11,000 (£1,261,000 in 2022-23) to Collection acquisitions, £18,000 (£12,000 in 2022-23) to Endowments and £26,304,000 (£13,125,000 in 2022-23) was applied to ongoing operations.

The consolidated Statement of Financial Activities on page 64 also shows that in total during 2023-24, the Gallery increased restricted funds by £1,752,000 (£2,933,000 decrease in 2022-23), increased unrestricted funds by £15,383,000 (£3,649,000 decrease in 2022-23) and decreased endowment funds by £1,645,000 (£233,000 decrease in 2022-23). £9,665,000 was withdrawn from restricted investments and endowments towards the £25m acquisition of the *Portrait of Mai* by Joshua Reynolds. The movement in restricted and unrestricted funds includes a loss on revaluation of £2,365,000 (£22,393,000 loss in 2022-23).

Over the past year, the Gallery has added works of art valued at £26,106,000 to the Collection (£3,421,000 in 2022-23). Of this figure, £350,000 has been donated by individuals either directly or in lieu of tax (£1,859,000 in 2022-23). Funding for purchased works of art has come from many sources, including donors and self-generated income.

Reserves and funds carried forward of £173,657,000 (£158,167,000 in 2022-23) are:

<u>Reserves</u>	2024	2023
	£000	£000
Revaluation reserve	34,137	35,818
Capital reserves	62,263	60,188
Works of art reserves	65,030	38,924
General reserve	5,748	5,297
Endowment funds	1,649	3,294
Other restricted reserves	4,807	14,646
Other designated reserves	23	-
Total Reserves	173,657	158,167

For more details on reserves, please refer to note 18.

Fixed assets

The Board of Trustees holds the freeholds of the Gallery and land at Saint Martin's Place, London.

Additions to tangible fixed assets during the year of £5,590,000 (£25,088,000 in 2022-23) comprise £nil (£810,000 in 2022-23) in relation to land, £240,000 (£1,912,000 in 2022-23) in relation to freehold buildings, £4,423,000 (£20,759,000 in 2022-23) in relation to the *Inspiring People* asset under construction, and £927,000 (£1,607,000 in 2022-23) on plant and machinery and other assets. The asset under construction was transferred to plant and machinery and buildings on reopening of the gallery. A full revaluation of the Trustees' property holdings was undertaken at 31 March 2024 by Montagu Evans, independent property consultants, resulting in a downwards revaluation of £2.4m.

Additions to intangible assets during the year of £252,000 (£528,000 in 2022-23) relate to complete assets. £253,000 of intangible assets under construction brought forward were brought into use during the year and transferred to intangible assets.

Heritage assets comprise works of art; additions of £26,106,000 in the year (£3,421,000 in 2022-23) include items donated, bequeathed or given in lieu of tax to the National Portrait Gallery with an approximate value of £350,000 (£1,859,000 in 2022-23). All works of art acquired during the year have been capitalised in accordance with section 34 FRS102, as detailed in note 11.

Subsidiary undertakings

The results of the National Portrait Gallery's trading subsidiary are summarised in note 22 to the financial statements.

Payment of creditors

The National Portrait Gallery aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2023-24 69% (72% in 2022-23) of invoices were settled in 30 days or less.

Going Concern

The Trustees are required to confirm that it is appropriate for the National Portrait Gallery to adopt the going concern principle in preparing its accounts.

The Trustees have reviewed budgets, forecasts, and anticipated Grant in Aid receipts, and together with considering the potential impacts on its financial position from both internal and external risks, have concluded there is a reasonable expectation that the Gallery has adequate resources to

continue in operational existence for a period of at least 12 months from the date that the accounts are approved. The Trustees are not aware of any legislative changes to the Gallery's functions or funding mechanism as set out in the 1992 Museums and Galleries Act. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The Gallery is forecasting an operating deficit for the 2024-25 financial year, which can be managed by drawing upon reserves. The Trustees will continue to prioritise growing self-generated income and controlling costs, and have had discussions with DCMS about the financial position of the Gallery. In the absence of longer-term support being agreed, the Trustees recognise the risk of the Gallery being in deficit and the uncertainty over its ability to operate in its current form until such funding is secured.

Reserves policy

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

At the year end the reserves under consideration in respect of the reserves policy totalled £5,748,000 (£5,297,000 in 2022-23), equivalent to three months' (five months in 2022-23) worth of unrestricted charitable expenditure, which is below the target of four months' expenditure, which the Trustees consider appropriate under normal operating conditions. Given the Gallery is forecasting a deficit for the 2024-25 financial year, the Trustees consider that it will be necessary to vary from the reserves policy in the short to medium term. It is recognised that it might take a number of years to achieve the normal reserves policy target.

Investments

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

The objectives of the investment strategy are:

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

Performance during the year was lower than target for both types of fund, largely due to RPI forming part of the target and it being particularly high during the period.

Long-term investments

The Master Portfolio is a collective investment scheme, created by Partners Capital, which invests across a range of asset classes and securities (which may include investments in other collective investment schemes). At the previous year end, the Master Portfolio was classified as a current asset Investment, due to the withdrawal of funds towards the purchase of *Portrait of Mai* by Joshua

Reynolds. At March 2024, the remaining balance of the Master Portfolio has been reclassified as long-term, in line with the classification in prior years.

The income and capital relating to the Heinz Archive fund are ring-fenced, leading to its classification as a fixed asset investment. The annual income from the Heinz fund will support the core activities of the Heinz Library & Archives.

At 31 March 2024, the Master Portfolio/Heinz Archive fund was valued at £2,200,000 (£1,543,000 in 2022-23). £9,665,000 was withdrawn in 2023-24 towards the £25m purchase of *Portrait of Mai* by Joshua Reynolds.

Short-term investments

Current investments consist of the Investment and Contingency Fund (I&CF) and the non-Master Portfolio elements of the Portrait Fund. The investments are held for the purposes of producing a return, but the Gallery considers that they should remain highly liquid and available at short notice if required.

At 31 March 2024, short-term investments are valued at £12,635,000 (£22,803,000 in 2022-23). Of this balance, £2,407,000 relates to unrestricted reserves. The rest relates to the remainder of the Portrait Fund and the DCMS *Inspiring People* loans.

The National Portrait Gallery's investment managers, Partners Capital LLP advise on the investment strategy required to meet the objective. Fund performance is measured against agreed benchmarks, and an asset profile is agreed for each fund. Rebalancing of the portfolio is agreed at Investment Committee meetings in response to market conditions.

Fundraising

The National Portrait Gallery follows the regulation scheme established by the Fundraising Regulator and complies with the Code of Fundraising Practice. During the year there were no failures of compliance and the Gallery received no complaints about its fundraising activities.

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

Fulfilment of Museums and Galleries Act Aims

The National Portrait Gallery's fulfilment of the *Museums and Galleries Act 1992* aims is best reflected by its expenditure on charitable activities. Charitable activities expenditure is broken down into three main areas: 'Extending & broadening audiences', 'Developing the Collection', and 'Increasing understanding & engagement with the Collection', with a total expenditure of £22,596,000 (2022-23: £13,634,000). Overall, 77% of expenditure (2022-23: 80%) is spent on charitable activities. Gallery activity comprises all those costs associated with the public programmes of the Gallery and of the media programmes and website; this includes exhibitions, education and communications and marketing expenditure. Gallery operations comprises visitor services and operations costs. Collections comprises all those costs associated with the Gallery's Collection; this includes conservation, art handling, photography and acquisitions related expenditure.

Social policy and wider public benefit

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

As described above, a key objective of the *Inspiring People* project was to present a more inclusive and dynamic picture of people who have contributed to the rich history of the United Kingdom to ensure that our displays were more relevant and accessible to a wider audience. The project was shaped and informed by consulting with both existing and potential new audiences to ensure that this was achieved.

In addition to this, a core strand of the project was working with communities to break down barriers and increase participation. This has been achieved by delivering projects nationwide, ranging from Sheffield to Southampton, working with local groups and young people to reinterpret portraits and explore under-represented narratives with lived experience. To extend the Gallery's reach, we have enhanced access to our Collection through other various programmes across the UK and internationally.

Through the rich programme of exhibitions programme and activity plan, the Gallery has strived to advance the art of portraiture. This was demonstrated through the Taylor Wessing and Herbert Smith Freehills competitions which provided a platform for new and emerging artists. The National Skills Sharing Programme was also designed to encourage a greater understanding of portrait collections within their own museums and galleries.

As part of the *Inspiring People* project, accessibility has been significantly improved, evidencing the Gallery's commitment to make it an accessible and friendly place where everyone feels welcomed and included. With the support of the External Advisory Group, comprised of external experts and partners, provisions have included improvements in the Gallery's facilities, including step-free access and a Changing Places toilet; provision for visitors who are D/deaf or hard of hearing, including BSL tours and in-gallery films with closed captions; and provision for visitors who are blind or partially sighted, including large print and braille floorplans and audio descriptions of over 150 portraits.

Overall the public benefits from the preservation, display, access and research, and promotion of portraiture of British persons. The Gallery ensures that all of its operations deliver value for money that it receives, either from the public or from charitable donations.

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

Auditors

Under statute, the Comptroller & Auditor General is the auditor of the Gallery's accounts for the year 2023-24. The audit fee in respect of this work was £68,000 (£62,600 in 2022-23). The National Audit Office did not provide any non-audit services. PKF Littlejohn LLP is the auditor for the National Portrait Gallery Company Limited and the audit fee in respect of their work was £13,000 (£12,520 in 2022-23).

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

Signed

Michael Elliott
Interim Director, the National Portrait Gallery

24 July 2024

Signed

David P J Ross
Chairperson, the National Portrait Gallery

24 July 2024

ADVISERS

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

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

Auditors

Gallery

Comptroller and Auditor
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National Audit Office
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Victoria
London
SW1W 9SP

Gallery Subsidiary

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E14 4HD

External Advisors

Bankers

National Westminster Bank
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WC2H 5JB

Investment Advisors

Partners Capital LLP
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London
W8 5EH

Internal Auditors

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Tower Bridge House
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London
E1W 1DD

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
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REMUNERATION REPORT

This section sets out the Gallery's remuneration policy for directors, how it has been implemented and sets out the amounts awarded to directors and where relevant the link between performance and remuneration. The Chairman and Board of Trustees neither received nor waived any remuneration or expenses for their services during the year.

Policy on the Remuneration of the Director

The Remuneration Committee, advising on contractual terms and remuneration for the Director, is made up of the following Trustees: David Ross, Professor Shearer West CBE, Roger Blundell, the Rt Hon Chris Grayling PC, and Sir Peter Stothard. For the purposes of this report, the term Director refers to the Director of the Gallery during this period, Dr Nicholas Cullinan OBE.

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

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

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

Senior Directors

The National Portrait Gallery is required to prepare a remuneration report containing certain information about the directors' remuneration as a result of the Accounts Direction from DCMS which required the Gallery to follow the FReM paragraph 6.4.3. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity.

The Accounting Officer has decided that this requirement encompasses the posts listed below, whose emoluments and pension details are disclosed. The National Portrait Gallery considers that no other key management personnel details need to be disclosed under this guidance for 2023-24.

The following paragraphs, marked "(audited)", within the Senior Directors' section of the Remuneration Report have been subject to audit.

Salary entitlements (audited)

		2023-24	2022-23
		£000	£000
Nicholas Cullinan OBE	Director	145-150	125-130
Ros Lawler	Chief Operating Officer	100-105	95-100

Remuneration Breakdown (audited)

	2023-24					2022-23				
	Salary (excluding non- consolidated performance- related pay) £000	Non- consolidated performance pay and bonus £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000	Salary (excluding non- consolidated performance pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000
Nicholas Cullinan OBE, Director**	145-150	15-20	-	-	165-170	125-130	-	-	47	170-175
Ros Lawler, Chief Operating Officer**	100-105	10-15	-	-	110-115	95-100	-	-	38	135-138

* The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. Accrued pension benefits for directors are not included in this table for 2023-24 due an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

** As of May 2024, both individuals are no longer employees of the Gallery.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce, which are disclosed in the table below. The total remuneration of the highest-paid director in the National Portrait Gallery in the financial year 2023-24 was £165,000-£170,000 (£170,000-£175,000 2022-23), and £165,000-£170,000 (£125,000-£130,000 in 2022-23) excluding pension benefits. This was 5.1 times (3.8 in 2022-23) the median remuneration of the workforce. The change in the pay ratio between 22-23 and 23-34 is due to both the changing composition of the workforce post reopening (with a lower median salary) and because the Director was awarded an increased remuneration package due to the successful completion of the *Inspiring People* project. In 2023-24, nil employees (nil in 2022-23) received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind where applicable. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Percentiles (audited)

	2023-24			2022-23		
	25 th percentile/pay ratio	Median pay ratio	75 th percentile/pay ratio	25 th percentile/pay ratio	Median pay ratio	75 th percentile/pay ratio
Highest paid director's total remuneration band (excluding pension benefits)	£165,000 - £170,000			£125,000-£130,000		
Employee total remuneration	£27,602	£32,200	£41,949	£27,430	£33,760	£39,608
Employee salary	£27,352	£31,480	£41,000	£27,430	£33,760	£39,608
Ratio (total remuneration)	6.0	5.1	3.9	4.6	3.8	3.2

The table below shows the percentage change for salary, other benefits (excluding pension) and bonus for the highest paid Director and the average salary of NPG's employees (based on total full-time equivalent total reward for the relevant financial year).

		Salary	Performance pay	Bonus
Change from 2022-23 to 2023-24	Highest paid Director	18%	100%	0%
	NPG Employees	(3%)	0%	100%

The average salary of NPG employees has decreased year on year, however existing employees were awarded a pay rise of between 4.5% and 8% in September 2023. The decrease reflects a change in the composition of the workforce post reopening.

Nicholas Cullinan OBE and Ros Lawler were members of the Civil Service defined benefit pensions scheme during their employment at the Gallery. Accrued pension benefits for directors are not included for 2023-24 due an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

The Board of Trustees of the National Portrait Gallery, who hold overall responsibility for the National Portrait Gallery, are not remunerated. No compensation for loss of office was paid to board members during the year. Expenses paid are disclosed in note 8 to the accounts.

Staff numbers (audited)

NPG staff	2023-24	2022-23
Employees	225	151
Other staff (includes agency/temporary staff)	78	77
Total	303	228

The staff turnover percentage for 2023-24 was 24% (22% in 2022-23).

The following disclosures are not subject to audit.

Sickness absence data

The average number of days absent through sickness per full-time equivalent staff member was 3.2 days in 2023-24 (1.8 in 2022-23).

Off-payroll engagements

As a result of the Accounts Directive from DCMS the National Portrait Gallery follows guidance per the Financial Reporting Manual (FRoM) paragraph 6.5.31. As of March 2024, there were 12 off payroll engagements for more than £245 per day and that lasted longer than six months (7 in 2022-23), as illustrated in the table below.

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater

Number of existing engagements as of 31 March 2024	2023-24	2022-23
Of which, that existed:		
For between 6 months and 1 year	3	3
For between 1 and 2 years	1	3
For between 2 and 3 years	1	1
For between 3 and 4 years	-	-
For 4 or more years	7	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater

No. of temporary off-payroll workers engaged during the year ended 31 March 2024	2023-24	2022-23
Of which:		
Not subject to off-payroll legislation	59	25
Subject to off-payroll legislation and in-scope of IR35	-	-
Subject to off-payroll legislation and out-of-scope of IR35	19	8
No. Of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which: no. of engagements that saw a change to IR35 status following review	-	-

Expenditure on Consultancy

During 2023-24, the National Portrait Gallery spent £209,952 (£194,981 in 2022-23) on consultants. These costs primarily relate to expert advice or assistance on areas such as tax and IT.

Staff policies applied during the financial year

The Gallery is dedicated to encouraging a supportive and inclusive culture. The Gallery's Equality & Diversity and Recruitment policies are published on our website*.

Staff policies applied:	
For giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities.	<ul style="list-style-type: none"> - The NPG is a signatory of the Disability Confident employer scheme, which encourages employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people - All new employees complete a health check and the Gallery's People and Culture team request permission from the new starter to discuss any disability with their manager, assessing what support or reasonable adjustments they require to perform their job
For continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company.	<ul style="list-style-type: none"> - As set out in the Gallery's Equality & Diversity policy, the NPG is committed to providing equality and fairness to all employees and to not provide less favourable facilities or opportunities on the grounds of disability - People and Culture and/or an employee's line manager can recommend an Occupational Health referral to understand if there is a need for reasonable adjustments or additional support and training

	<ul style="list-style-type: none"> - A risk assessment can be conducted to identify any areas for improvement which may otherwise cause harm
Otherwise for the training, career development and promotion of disabled persons employed by the company.	<ul style="list-style-type: none"> - All employees have access to SkillGate, the Gallery's e-learning platform, containing over 100 courses that contribute to professional development - The Engagement survey from January 2024 will be reviewed to assess our strategy and overall approach to EDI culture within the Gallery. 74% of employees that completed the survey scored highly and agree the Gallery is dedicated to promoting equality and diversity. This is an increase from 52% in the previous survey that was administered in June 2023 - The Gallery is taking part in a Research Program with Leicester University. This opportunity to work with the University will allow us to undertake an analysis of the needs of the organisation with a cross-functional working group of individuals from across the Gallery. Not only will the Gallery benefit from implementing an EDI related program/training based on our needs this will also serve as a learning opportunity for the core working group to work and learn from externals that have implemented projects with other organisations across the sector - The People and Culture team will continue to facilitate establishing a culture of inclusivity through reviewing the tools and training provided to leaders this fiscal year, this includes: <ul style="list-style-type: none"> o Developing a module on EDI in our leadership development program planned to launch in September o Recruitment training tools and briefing presentation will be updated

* Equality & Diversity policy: <https://www.npg.org.uk/about/corporate/gallery-policies/equality-policy>
Recruitment policy: <https://www.npg.org.uk/about/corporate/gallery-policies/recruitment-policy>

Trade union facility time

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

Relevant union officials

	2023-24	2022-23
Number of employees who were relevant union officials during the relevant period	3	3

Percentage of time spent on facility time

Percentage of time	2023-24	2022-23
	Number of employees	Number of employees
0%	-	-
1-50%	3	3
51%-99%	-	-
100%	-	-

Percentage of pay bill spent on facility time

	2023-24	2022-23
Total pay bill (wages + ER NI +ER Pension)	£913	£653
Percentage of facility time against total pay bill	0.01%	0.01%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.46%	0.42%

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

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

In preparing the National Portrait Gallery accounts the Board of Trustees and Director, as Accounting Officer, are required to:

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

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

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

Signed

Michael Elliott
Interim Director, the National Portrait Gallery

24 July 2024

Signed

David P J Ross
Chairperson, the National Portrait Gallery

24 July 2024

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

GOVERNANCE STATEMENT

Introduction

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

The Governance Framework

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

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

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

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

Operation of the Board of Trustees and Board Sub-committees

The Board consists of sixteen Trustees as set out in the Act, who meet quarterly. Two of the Trustees are *ex-officio* Trustees and the remaining fourteen are appointed by the Prime Minister, on the recommendation of the Secretary of State for Culture, Media and Sport with oversight by the Commissioner for Public Appointments following a transparent public appointment process which follows the Government's Governance Code for Public Appointments. In addition, the Gallery may also appoint independent co-opted Trustees – the term of office for the only co-opted Trustee on the Board and Chair of the National Portrait Gallery Company Board, Christopher Townsend CBE, expired in September 2023.

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

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

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

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

The Board has a detailed forward-looking agenda which enables Trustees to understand, contribute to and consider a wide range of matters that may influence or affect the Gallery's achievement of its mission and objectives.

The Board Secretariat ensures that Trustees receive timely information on all relevant matters prior to each Board meeting and, as applicable, sub-committee meetings. Board papers are circulated electronically one week prior to meetings, to ensure there is adequate time for them to be read and considered, and to facilitate focused, robust and informed discussions at meetings.

Delegation of authority and matters reserved to the Board

The Act provides for the establishment, constitution, functions and property of the Board of Trustees.

A number of specific issues are reserved for decision by the Board of Trustees:

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

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

- Sub-Committees with delegated authority from the Board: Investment Committee; and
- Advisory Committees with no formal decision-making authority: Finance and Operations Committee, Ethics Committee, Audit & Risk Committee, Chair's Group, Curatorial Committee, Remuneration Committee.

Board/ Sub-Committee	Type	Remit
Board of Trustees of the National Portrait Gallery	Board	Discharges statutory duties under the <i>Museums and Galleries Act 1992</i> . The Board oversees the management of the Gallery, with the Trustees acting as guardians of the public interest. It approves policy and the strategic direction for the Gallery, leaving operational matters to the Director. The Board decides on all acquisitions and strategic resource allocations. It represents the Gallery externally, monitors the organisation's performance against its agreed objectives and targets, and ensures the stewardship of public funds.
Audit and Risk Committee	Board Sub-Committee	Considers the Gallery's internal control structure, internal and external audit risk, compliance with the regulatory environment and the statutory accounts.
Chair's Group	Board Sub-Committee	Advises on governance matters and succession planning for Trustees and Board Sub-committees.
Curatorial Committee	Board Sub-Committee	Advises on artistic, programming and curatorial matters.
Ethics Committee	Board Sub-Committee	Advises on potential donations and wider ethical and reputational issues referred to it for advice by the executive or the Board of Trustees.
Finance and Operations Committee	Board Sub-Committee	Considers the Gallery's budgets, financial performance and reserves and reviews <i>Inspiring People</i> financial information.
Investment Committee	Board Sub-Committee	Reviews the performance of the Gallery's investment funds and advises on investment strategy.
Remuneration Committee	Board Sub-Committee	Advises on contractual terms and remuneration for the Director.
<i>Inspiring People Project Board</i>	<i>Board Sub-Committee</i>	<i>Reviews all aspects of the Inspiring People Project including design, costs, fundraising and risk. Disbanded in May 2023.</i>
<i>Reopening Committee</i>	<i>Board Sub-Committee</i>	<i>Advised on plans for the reopening of the Gallery. Established in July 2022. Disbanded in June 2023.</i>

Membership and Attendance

The Board of Trustees*

During the year, Victoria Siddall was appointed as a Trustee in July 2023 following the expiry of the term of office of Dr Joanna Kennedy OBE in June 2023. Christopher Townsend CBE, Co-opted Trustee and Chair of the NPG Company Board, completed his term of office in September 2023. In December 2023, The Rt Hon Chris Grayling PC and Dr Mark Cecil were reappointed for a second term of office.

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

- David Ross (Chair) – 4 of 4 meetings
- Roger Blundell – 4 of 4 meetings
- Dr Mark Cecil – 4 of 4 meetings
- Inaya Folarin Iman – 3 of 4 meetings
- The Rt Hon Chris Grayling PC – 4 of 4 meetings
- Marcus Harling – 4 of 4 meetings
- Dr Joanna Kennedy OBE – 2 of 2 meetings
- Rebecca Salter PRA (*ex-officio*) – 2 of 4 meetings
- Björn Savén – 3 of 4 meetings

- Simon Sebag Montefiore – 1 of 4 meetings
- Sir Peter Stothard – 4 of 4 meetings
- Christopher Townsend CBE (*co-opted*) – 2 of 2 meetings
- Dr Rachel Wang – 4 of 4 meetings
- Professor Shearer West CBE – 4 of 4 meetings
- Jonathan Yeo – 4 of 4 meetings
- Blake Shorthouse – 3 of 4 meetings
- Penny Mordaunt (*ex-officio*) (formerly The Rt Hon Penny Mordaunt MP, Lord President of the Council and Leader of the House of Commons) – 0 of 4 meetings

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

Board Sub-Committees

Membership and attendance* at meetings during 2023-24:

<p><i>Audit and Risk Committee</i> The Audit and Risk Committee met 5 times in 2023-24 (4 in 2022-23).</p> <ul style="list-style-type: none"> • Roger Blundell (Trustee, Chair) – 5/5 • Marcus Harling (Trustee) – 5/5 • Dr Mark Cecil (Trustee) – 5/5 • Neil Spence (Co-opted Member) – 3/3 • Tony Poulter (Co-opted Member) – 5/5 • Dr Peter Gist (Co-opted Member) – 5/5 	<p><i>Finance and Operations Committee</i> The Finance and Operations Committee met 5 times in 2023-24 (4 in 2022-23).</p> <ul style="list-style-type: none"> • The Rt Hon Chris Grayling PC (Trustee, Chair) – 5/5 • Roger Blundell (Trustee) – 4/5 • David Ross (Trustee) – 5/5 • Neil Spence (Co-opted Member) – 2/2 • Tony Poulter (Co-opted Member) – 5/5 • Dr Peter Gist (Co-opted Member) – 5/5
<p><i>Investment Committee</i> The Investment Committee met 3 times in 2023-24 (3 in 2022-23).</p> <ul style="list-style-type: none"> • Björn Savén (Trustee, Chair) – 3/3 • Anthony Brooke (Co-opted Member) – 3/3 • Dr Mark Cecil (Trustee) – 3/3 • David Ross (Trustee) – 1/3 • Jeremy Sillem (Co-opted Member) – 3/3 	<p><i>Inspiring People Project Board</i> The <i>Inspiring People</i> Board met 2 times during 2023-24 (12 in 2022-23).</p> <ul style="list-style-type: none"> • Dr Joanna Kennedy OBE (Trustee, Chair) – 2/2 • Marcus Harling (Trustee) – 2/2 • Dr Peter Gist (Independent Member) – 2/2 • The Rt Hon Chris Grayling PC (Trustee) – 2/2 • David Hickey MBE (Independent Member) – 2/2 • Jenni Lomax OBE (Independent Member) – 1/2 • David Ross (Trustee) – 1/2
<p><i>Chair's Group</i> The Chair's Group met 3 times in 2023-24 (4 in 2022-23).</p> <ul style="list-style-type: none"> • David Ross (Trustee, Chair) – 3/3 • Roger Blundell (Trustee) – 1/3 • The Rt Hon Chris Grayling PC – 3/3 • Dr Joanna Kennedy OBE (Trustee) – 1/1 • Sir Peter Stothard (Trustee) – 3/3 • Christopher Townsend CBE (Co-opted Trustee) – 1/1 • Professor Shearer West CBE (Trustee) – 3/3 	<p><i>Ethics Committee</i> The Ethics Committee met 3 times in 2023-24 (3 in 2022-23).</p> <ul style="list-style-type: none"> • Sir Peter Stothard (Trustee, Chair) – 3/3 • Sir Nicholas Blake (Independent Member) – 3/3 • Blake Shorthouse (Trustee) – 2/3

<p>Curatorial Committee The Curatorial Committee met 4 times in 2023-24 (6 in 2022-23).</p> <ul style="list-style-type: none"> • Professor Shearer West CBE (Trustee) – 4/4 • Sir Peter Stothard (Trustee) – 4/4 • Jonathan Yeo (Trustee) – 4/4 • Simon Sebag Montefiore – 3/4 • Dr Rachel Wang – 4/4 	<p>Remuneration Committee The Remuneration Committee met 2 times in 2023-24 (0 in 2022-23).</p> <ul style="list-style-type: none"> • David Ross (Trustee, Chair) – 2/2 • Roger Blundell (Trustee) – 2/2 • The Rt Hon Chris Grayling PC – 2/2 • Sir Peter Stothard (Trustee) – 2/2 • Christopher Townsend CBE (Co-opted Trustee) – 1/1 • Professor Shearer West CBE (Trustee) – 2/2
<p>Reopening Committee The Reopening Committee met 2 times in 2023-24 (6 in 2022-23)</p> <ul style="list-style-type: none"> • David Ross (Trustee, Chair) – 2/2 • Christopher Townsend CBE (Co-opted Trustee) – 1/2 • Jonathan Yeo (Trustee) – 2/2 • Inaya Folarin Iman (Trustee) – 1/2 • Sir Christopher Le Brun (Co-opted Member) – 0/2 • Victoria Siddall (Co-opted Member) – 2/2 • Lydia Forte (Co-opted Member) – 2/2 	

* (fractions reflect attendance at eligible meetings)

Board and Sub-Committee Business in 2023-24

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

The Board of Trustees

The *Inspiring People* project remained a core priority of the Board of Trustees during the year, including discussions around final preparations for the Gallery’s reopening in June and ensuring that the first few months of opening were as smooth as possible. With the oversight of the Board of Trustees, the project was completed on time and on budget, receiving critical acclaim and record visitor numbers.

Discussions were also focused during this period on the development of the Gallery’s future strategic plans for the next ten years, which further build on the extraordinary success of the major transformation project with future initiatives linked to membership, sustainability and immersive experiences. Board activity also included focused discussions on ensuring the Gallery’s financial sustainability in response to external factors such as funding, inflationary costs, and fluctuating visitor numbers compared to pre-pandemic trends.

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

Strategic Matters	<ul style="list-style-type: none"> • The plans for the rehang of the national Collection; • The Gallery's Learning and Engagement strategy; • Acquisitions and future commissions in the context of the Collections Development Strategy; • The Corporate Plan for 2023-24; • The Gallery's 10 Year Plan for 2024-2034.
Operational Matters	<ul style="list-style-type: none"> • Regular review of and updates about the <i>Inspiring People</i> project; • Current and forward budgets, management information, performance against agreed KPIs and the development of the forward business plan; • Updates on operational readiness for the Gallery's reopening, followed by updates on Gallery activities since reopening, including performance across visitor numbers, commercial revenue, and press reviews; • Collections management updates.
Governance, assurance and risk	<ul style="list-style-type: none"> • The audited accounts and Annual Report; • Scheme of Delegation; • The draft Framework Agreement with the DCMS; • Policy reviews: Modern Slavery Act, Data Protection Policy, Collections Due Diligence Policy, Collections Information and Access Policy, Collections Care and Conservation Policy, Loans Out Policy, Risk Management Policy, Intellectual Property Policy, Expenses Policy, Exhibitions and Displays Policy, Communications Policy, Security and Protection Policy, Wellbeing Policy, Counter Fraud Policy and Modern Slavery Act Statement; • The annual Research, People and Culture and Information Governance reports; • Corporate risks and mitigation plans; • The appointment of members to the Board Committees; • The annual review of the terms of reference for the Board Committees; • Reports on the work of the various Board Committees.

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

Board Sub-Committee reports 2023-24

An important part of the Gallery's accountability and assurance framework during the period was the role played by each of the Board's sub-committees.

During 2023-24, the Audit and Risk Committee, Finance and Operations Committee, Curatorial Committee, Ethics Committee, Chair's Group, Investment Committee, the *Inspiring People* Project Board and the Reopening Committee all considered issues of strategy and planning and governance and risk, including reputational risk.

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

The Finance and Operations Committee advised the Board on the budget, management information, staffing plans, cash flows, reserves and the *Inspiring People* project. The Committee also covered items of business relating to estates and operations, HR, security and procurement.

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

The Chair's Group considered nominations to the Board's sub-committees, the skills audit, the Board effectiveness review, proposed revisions to key governance documents and the sub-committee structure. The Chair's Group also continued to oversee progress of the development of the Gallery's 10 Year Plan.

The Curatorial Committee scrutinised and advised the Board on the plans for the rehang of the national Collection, including the reinterpretation and in-gallery digital plans, acquisitions and future commissions, research activities of the Gallery and policy reviews. The Committee also covered items of business relating to collections management and collection strategies.

The Investment Committee advised the Board on the investment policy statement and investment strategy, whilst monitoring the performance of the invested funds of the Gallery and the Portrait Fund in line with the objectives of the investment strategy.

The *Inspiring People* Project Board oversaw progress of the construction programme. The Board also considered updates on the Activity Plan, fundraising, the Gallery's plans for the rehang of the national Collection and operational readiness planning.

The Reopening Committee oversaw progress on the operational readiness of the Gallery prior to its opening in June 2023. This involved scrutiny and review of the Gallery's plans for launch events, catering, branding and marketing, as well as the Gallery's membership strategy and schools and young people programme.

Remuneration Committee business considered in 2023-24 is detailed in the Remuneration Report.

Board Effectiveness

The Board reviews its effectiveness annually through a questionnaire completed by each Trustee. The review is informed by the views of the Gallery's Directors. An anonymised report of findings is considered by the Board of Trustees. In addition, the Chair holds annual appraisal meetings with individual trustees to review each Trustee's contribution to the Board. The Chair's appraisal was conducted by the DCMS in July 2024, in line with current Cabinet Office guidance on ALB Chair appraisals.

The 2023-24 review was carried out internally with a focus on the themes highlighted in previous reviews: Board Structure and Operation, Strategy and Performance and Communication. The Board was asked to take a forward-looking view to assist the Chair in evaluating performance and developing an action plan. The effectiveness of each of the Board's committees was taken into account as part of the evaluation.

The review concluded that the Board had performed at a high level. Trustees reflected positively on the Board's operation and performance during the *Inspiring People* project and for the first year of the Gallery's opening after the closure period. Trustees commented on the quality of information provided by and communication with the Gallery's executive team. Trustees were satisfied that the Board's governance structure was appropriate to the Board's future priorities and needs.

It was recommended that more time was required for allocating to discussions regarding longer term strategic objectives, particularly as its focus was on the Gallery's Ten Year Plan and post-transformation project. A further recommendation was to review practices of other Boards within the cultural sector to ensure that best practice was being met.

Director's Group and the Senior Management Team

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

During 2023-24, the Director of the Gallery was Dr Nicholas Cullinan OBE up until May 2024, after which Michael Elliott was appointed as Interim Director. The appointment of the Director is made by the Trustees with the approval of the Prime Minister. The Director is the Gallery's Accounting Officer. He is responsible for the overall leadership of the Gallery, its programmes of activities, the soundness of its finances, business and financial planning and its external representation. The Director leads and chairs the Director's Group, which carries responsibility for developing the work of the Gallery, and debating and deciding on particular initiatives within the policies set by the Board. The Director's Group considers and agrees budgets and resource frameworks, as well as strategies and policies where there are resource implications for the Gallery. It is responsible for developing and implementing the Strategic and Corporate Plans, the Corporate Risk Register and monitoring budgets and financial performance.

The Director's Group is supported by the Gallery's senior managers and heads of departments. Appropriate management structures have been put in place throughout the organisation to assist the Gallery's directors and senior managers with overseeing their respective departments and areas of responsibility.

Membership of Director's Group in 2023-24

Name	Job Title
Dr Nicholas Cullinan OBE	Director and Accounting Officer
Sarah Hilliam	Director of Development
Ros Lawler	Chief Operating Officer
Dr Alison Smith	Chief Curator
Liz Smith	Director of Learning and Engagement
Anna Starling	Director of Commercial
Denise Vogelsang	Director of Communications and Digital
Rosie Wilson	Director of Programmes and Partnerships (from 01 December 2023)
Dave Glassey	Interim Chief Financial Officer (from 05 February 2024)
Lesley Williams	Chief Financial Officer (left the Gallery in March 2024)
Alix Gilmer	<i>Inspiring People</i> Project Director (left the Gallery in August 2023)
Sarah Tinsley	Executive Director, Programmes and Partnerships (left the Gallery in November 2023)

Subsequent to the year end, Dr Nicholas Cullinan OBE left the Gallery and Michael Elliot was appointed as Interim Director and Accounting Officer.

Subsidiary undertakings

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

As well as the Directors of the Company, the Audit and Risk Committee reviews the performance of the Company, its annual report and accounts, the external auditors' audit strategy and Management Letter. This is done in order to obtain assurance over the activities of the subsidiary during the year. More information about the Gallery's trading subsidiary is summarised in note 22 to the financial statements.

Risk management

The Risk Management Strategy and Policy, updated and agreed by the Audit and Risk Committee in January 2024, describes the Gallery's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors.

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

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

Risks are explicitly reviewed:

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

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

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

- financial;
- liquidity;
- regulatory;
- reputation;
- artistic;
- cyber security;
- sustainability.

The targeted risk profile is reviewed annually and approved by the Audit and Risk Committee, most recently in January 2024.

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

- to ensure that risk identification is an integral part of the annual planning and budgeting process with risks linked to objectives;
- performance against budget and objectives is regularly reviewed by Trustees;
- key performance indicators are included in internal reports and regularly reviewed by Trustees; and
- Directors consider risk when assessing any major project and formally review significant risks before they are reviewed by the Audit and Risk Committee.

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

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

Based upon the programme of work undertaken by internal audit during 2023-24, the Head of Internal Audit provided the opinion that the framework of governance, risk management and control is moderate in its overall adequacy and effectiveness. Four moderate assurance opinions were given for assurance reviews carried out and action has been taken to address the recommendations made.

Significant risks

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

Risk	Mitigations
Financial sustainability (previously operating model strain) – inability to adapt the operating model to respond to inflationary costs, fluctuations in visitor numbers, and other external pressures linked to funding.	<ul style="list-style-type: none"> • Continue to liaise with DCMS on funding options • Operational cross-department meetings in place • Quarterly forecasting to monitor in-year financial position • All staff on fixed term contracts • Review opening year assumptions • Prioritising of income generating activities • Review of activity and operational efficiency
Staffing resource – inability to recruit and retain staff and loss of knowledge and skill from the organisation.	<ul style="list-style-type: none"> • Listen to staff and respond through regular pulse surveys, with regular internal communications to share key decisions and maintain engagement • Implement effective induction programme • Additional temporary staffing resource where budget allows to deal with short-term issues • Prioritise wellbeing for staff • Implement plans as a result of hybrid work survey • Pay award and non-consolidated payment
Cyber security attacks – increased risk of attack across the sector	<ul style="list-style-type: none"> • Internal communications with staff to promote cyber security awareness

	<ul style="list-style-type: none"> • Regular vulnerability scans and phishing simulations • Strengthening of technical defences • Establishment of Cyber Security Working Group to support with development and implementation of a cyber-security strategy • Cyber response plans
Collection security – risk of loss of items in the Collection	<ul style="list-style-type: none"> • Regular internal audits of displays, stores, studios and robust security processes in place • Internal audit to assess effectiveness of policies and processes • Regular reporting to the executive on collections-related issues
During the year, a core risk was delivery of the <i>Inspiring People</i> Project to a high quality and ensuring transformational change – this was closed following the successful reopening of the Gallery.	<ul style="list-style-type: none"> • Regular monitoring of staffing levels, recruitment and retention rates, staff wellbeing and feedback • Additional procurement resource implemented for reopening procurement requirements • Use of DCMS loan to mitigate cashflow and operating losses • Regular review of operational readiness plans overseen by the Reopening Committee • Implementation of cyber security plan

Linked to Staffing Resource, a key risk for highlighting is the impact of the high turnover of members of the executive team and senior staff in the first quarter of the 2024-25 financial year. This turnover was anticipated following the successful completion of the Gallery’s significant transformation project and mitigating strategies have been put in place, including an interim structure whilst the recruitment searches are underway for permanent replacements, expediting the recruitment process for the new Director, as well as clear and regular communication to staff throughout the transitional phase.

Risk Management and Internal Control

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

The above internal control systems have been in place for the year under review and up to the date of approval of the annual report and accounts.

Whistleblowing policy

The Gallery’s whistleblowing policy contains arrangements for reporting, in confidence, concerns about a wrongdoing or potential wrongdoing internally and to relevant external bodies. The arrangements are reviewed by the Audit and Risk Committee on a regular basis (date of last review April 2023) and the Committee confirms that appropriate processes are in place throughout the year to via its annual review to the Board. The policy is made available to all staff and is published on the Gallery’s website. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Audit and Risk Committee so that the impact on the Gallery may be considered. The Board of Trustees considered that the whistleblowing arrangements in place were satisfactory. No internal whistleblowing activities were brought to management’s attention in the period covered by this report.

Personal data related incidents

The National Portrait Gallery maintains a record of incidents involving the loss, alteration, unauthorised disclosure or insecure disposal of personal data as part of its data breach management procedures. The incident record includes the nature of the incident, the nature of data involved, the number of people potentially affected, and the steps taken to notify the individuals concerned. Based on severity, these incidents are reported to the Information Commissioner's Office (ICO) in accordance with the ICO's reporting requirements. No incidents were reported to the ICO this year.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

The following disclosures have been subject to audit

Contingent Liabilities

As at the end of 2023-24, the National Portrait Gallery had no material remote contingent liabilities as are disclosable under Parliamentary reporting requirements (nil in 2022-23).

Statement of Losses and Special Payments

During 2023-24 the NPG made special payments of £146,000 (nil in 2022-23).

Gifts

During 2023-24 the NPG did not make any gifts.

Analysis of fees and charges income

During 2023-24 the NPG did not receive any income from fees and charges (nil in 2022-23).

Signed

Michael Elliott
Interim Director and Accounting Officer, the National Portrait Gallery

24 July 2024

Signed

David P J Ross
Chairperson, the National Portrait Gallery

24 July 2024

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

Opinion on financial statements

I certify that I have audited the financial statements of the National Portrait Gallery and its Group for the year ended 31 March 2024 under the *Museums and Galleries Act 1992*.

The financial statements comprise: the National Portrait Gallery and its Group's:

- Consolidated and Gallery Balance Sheet as at 31 March 2024;
- Consolidated Statement of Financial Activities and the Consolidated Statement of Cash Flows for the year then ended; 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 National Portrait Gallery and its Group's affairs as at 31 March 2024 and its net income 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 for opinion

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 Bodies 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 National Portrait Gallery 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 National Portrait Gallery 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 National Portrait Gallery 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 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 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 parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions issued under the *Museums 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 National Portrait Gallery 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 National Portrait Gallery and its Group 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 Secretary of State directions issued under the *Museums and Galleries Act 1992* have not been made or parts of the Remuneration Report 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 Accounting Officer for the financial statements

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

- 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 National Portrait Gallery and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the applicable financial reporting framework;
- preparing the Annual Report in accordance with the applicable reporting framework; and
- assessing the National Portrait Gallery 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 Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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 regulations, 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:

- considered the nature of the sector, control environment and operational performance including the design of the National Portrait Gallery and its Group's accounting policies, key performance indicators and performance indicators.
- inquired of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Portrait Gallery 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 National Portrait Gallery and its Group's controls relating to its compliance with *the Museums and Galleries Act 1992*, *Charities Act 2011*, and Managing Public Money.
- inquired of management, internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team including the component audit team and the relevant internal specialists, including property valuation experts, financial instruments and IT 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 National Portrait Gallery 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 obtained an understanding of the National Portrait Gallery and its Group's framework of authority and other legal and regulatory frameworks in which the National Portrait Gallery and its Group operates. 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 National Portrait Gallery. The key laws and regulations I considered in this context included, the *Museums and Galleries Act 1992*, Managing Public Money, employment law, tax legislation and the *Charities Act 2011*.

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 and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Trustees, and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing 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; and
- I addressed the risk of revenue recognition due to fraud, assessing the recognition of income in line with the accounting framework and undertaking procedures to test the occurrence and cut-off of donations, and legacies.

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 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

25 July 2024

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

FINANCIAL STATEMENTS

Consolidated Statement of Financial Activities

Incorporating an income and expenditure account, for the Year Ended 31 March 2024

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2022-23 Total funds £000
		2023-24 Unrestricted funds £000	2023-24 Restricted funds £000	2023-24 Total funds £000	2023-24 Unrestricted funds £000	2023-24 Restricted funds £000	2023-24 Total funds £000	2023-24 Unrestricted funds £000	2023-24 Restricted funds £000	2023-24 Total funds £000	2023-24 Unrestricted funds £000	2023-24 Restricted funds £000	2023-24 Endowment funds £000	2023-24 Total funds £000	
Income and endowments from:															
<i>Donations and legacies</i>															
Grant in Aid	4	10,485	-	10,485	500	-	500	-	-	-	10,985	-	-	10,985	18,623
Other donations and legacies		3,218	5,550	8,768	-	-	-	-	16,520	16,520	3,218	22,070	-	25,288	12,332
<i>Charitable activities</i>	5	5,425	-	5,425	-	-	-	-	-	-	5,425	-	-	5,425	1,790
<i>Other trading activities</i>	6	4,698	323	5,021	-	-	-	-	-	-	4,698	323	-	5,021	1,393
<i>Investments</i>	12	173	27	200	-	-	-	-	-	-	173	27	-	200	75
Total		23,999	5,900	29,899	500	-	500	-	16,520	16,520	24,499	22,420	-	46,919	34,213
Expenditure on:															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	1,552	31	1,583	116	86	202	-	-	-	1,668	117	17	1,802	1,156
Fundraising trading: cost of goods sold and other costs	8	4,390	63	4,453	298	219	517	-	-	-	4,688	282	-	4,970	2,193
Investment management costs	8	4	-	4	-	-	-	-	11	11	4	11	1	16	24
<i>Charitable activities</i>	8	18,147	2,117	20,264	1,343	989	2,332	-	-	-	19,490	3,106	-	22,596	13,634
Total		24,093	2,211	26,304	1,757	1,294	3,051	-	11	11	25,850	3,516	18	29,384	17,007
Net gains on investments	18	263	-	263	-	-	-	-	19	19	263	19	38	320	(1,628)
Net income/(expenditure)		169	3,689	3,858	(1,257)	(1,294)	(2,551)	-	16,528	16,528	(1,088)	18,923	20	17,855	15,578
Transfers between funds	18	(10,525)	(15,102)	(25,627)	28,131	(15,010)	13,121	-	14,171	14,171	17,606	(15,941)	(1,665)	-	-
Other recognised gains/(losses):															
(Loss)/gain on revaluation of fixed assets	18	-	-	-	(1,135)	(1,230)	(2,365)	-	-	-	(1,135)	(1,230)	-	(2,365)	(22,393)
Net movement in funds		(10,356)	(11,413)	(21,769)	25,739	(17,534)	8,205	-	30,699	30,699	15,383	1,752	(1,645)	15,490	(6,815)
Reconciliation of funds:															
Funds brought forward at 1 April 2023	18	16,127	13,706	29,833	(1,029)	89,224	88,195	-	36,845	36,845	15,098	139,775	3,294	158,167	164,982
Funds carried forward at 31 March 2024		5,771	2,293	8,064	24,710	71,690	96,400	-	67,544	67,544	30,481	141,527	1,649	173,657	158,167

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

To provide better understanding of the accounts, the National Portrait Gallery provides enhanced Statement of Financial Activities disclosure beyond the requirements of the SORP.

Full comparative information for 2022-23 for this statement can be found in Note 2.

The notes on pages 68 to 107 form part of these accounts.

Consolidated and National Portrait Gallery Balance Sheets

Balance Sheets at 31 March 2024

	Notes	Group		National Portrait Gallery	
		2024 £000	2023 £000	2024 £000	2023 £000
<i>Fixed assets</i>					
Intangible assets	9	639	570	639	570
Tangible assets	10	95,761	95,436	95,761	95,436
Heritage assets	11	65,030	38,924	65,030	38,924
Investments	12	2,200	1,543	2,200	1,543
Total fixed assets		163,630	136,473	163,630	136,473
<i>Current assets</i>					
Stocks	13	616	366	-	-
Debtors and prepayments	14	2,756	2,073	4,052	3,282
Investments	12	12,635	22,803	12,635	22,803
Cash and liquid resources	15	9,659	14,165	8,565	13,407
Total current assets		25,666	39,407	25,252	39,492
<i>Creditors: amounts falling due within one year</i>	16	(5,295)	(7,123)	(4,877)	(6,982)
<i>Provisions: amounts falling due within one year</i>	16	(281)	(23)	(281)	(23)
Net current assets		20,090	32,261	20,094	32,487
Total assets less current liabilities		183,720	168,734	183,724	168,960
Creditors: amounts falling due after more than one year	16	(10,063)	(10,567)	(10,063)	(10,567)
Total assets less liabilities		173,657	158,167	173,661	158,393
<i>Represented by:</i>					
Restricted reserves					
Restricted funds (excluding revaluation reserves)	18	113,078	110,096	113,078	110,096
Revaluation reserves		28,449	29,679	28,449	29,679
Subtotal		141,527	139,775	141,527	139,775
Unrestricted reserves					
Designated (excluding revaluation reserves)		19,045	3,662	19,045	3,662
Revaluation Reserves		5,688	6,139	5,688	6,139
General		5,748	5,297	5,752	5,522
Subtotal		30,481	15,098	30,485	15,323
Total funds		172,008	154,873	172,012	155,099
Endowments	18	1,649	3,294	1,649	3,294
Total funds		173,657	158,167	173,661	158,393

The notes on pages 68 to 107 form part of these accounts.

The financial statements on pages 64 to 67 were approved by the Trustees on:

Signed

Michael Elliott
Interim Director and Accounting Officer, the National Portrait Gallery

24 July 2024

Signed

David P J Ross
Chairperson, the National Portrait Gallery

24 July 2024

Consolidated Statement of Cash Flows

Cash flows for the Year Ended 31 March 2024

	Notes	2024 £000	2023 £000
<i>Cash flows from operating activities:</i>			
Net cash provided by operating activities	20	17,537	22,174
<i>Cash flows from investing activities:</i>			
Dividends and interest	15	200	61
Purchase of intangible assets	9	(252)	(527)
Purchase of tangible assets	10	(5,590)	(25,088)
Purchase of heritage assets	11	(25,756)	(1,561)
Gift of heritage asset	11	-	(1,250)
Proceeds from sale of investments	12	9,807	79
Purchase of investments	12	-	-
Net cash used in investing activities		(21,591)	(28,286)
<i>Cash flows from financing activities:</i>			
Receipt of loan	16	8,000	2,233
Repayment of loan		(8,502)	(150)
Net cash provided by financing activities		(502)	2,083
Unrealised loss from changes in foreign currency exchange rates	20	50	(14)
Change in cash and cash equivalents in the reporting period		(4,506)	(4,043)
Cash and cash equivalents at the beginning of the reporting period		14,165	18,208
Cash and cash equivalents at the end of the reporting period	15	9,659	14,165

The notes on pages 68 to 107 form part of these accounts.

NOTES TO THE ACCOUNTS

1. *Accounting policies*

Basis of accounting

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

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

The National Portrait Gallery is a public benefit entity.

Basis of consolidation

The National Portrait Gallery's financial statements consolidate the results of the National Portrait Gallery and its wholly-owned subsidiary the National Portrait Gallery Company Limited (company number 6015724). A separate Statement of Financial Activity for the National Portrait Gallery has been presented in Note 3.

Statement of Financial Activities (SOFA)

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

Going Concern

The Trustees are required to confirm that it is appropriate for the National Portrait Gallery to adopt the going concern principle in preparing its accounts.

The Trustees have reviewed budgets, forecasts, and anticipated Grant in Aid receipts, and together with considering the potential impacts on its financial position from both internal and external risks, have concluded there is a reasonable expectation that the Gallery has adequate resources to continue in operational existence for a period of at least 12 months from the date that the accounts are approved. The Trustees are not aware of any legislative changes to the Gallery's functions or funding mechanism as set out in the 1992 Museums and Galleries Act. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The Gallery is forecasting an operating deficit for the 2024-25 financial year, which can be managed by drawing upon reserves. The Trustees will continue to prioritise growing self-generated income and controlling costs, and have had discussions with DCMS about the financial position of the Gallery. In the absence of longer-term support being agreed, the Trustees recognise the risk of the Gallery being in deficit and the uncertainty over its ability to operate in its current form until such funding is secured.

Key judgements and estimates

The areas where key judgements have been made are listed below:

- Recognition of donations and legacies (note 4) – donations and legacies are recognised by the Gallery where the conditions of receipt have been met, as detailed below.
- Heritage assets (note 11) - additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by the National Portrait Gallery staff. In reaching these valuations, curators compare portraits donated to the Collection with the values of comparable items on the open market, taking account of differences in condition, size, status and market desirability.
- Investments (note 12) - the National Portrait Gallery's Investment Committee has appointed an external Investment Manager to manage the Gallery's investment portfolio, in line with the Gallery's Investment Strategy. Day-to-day judgements are delegated to the Investment Manager, within agreed overall objectives. During 2023-24 Partners Capital were the Gallery's Investment Managers. Partners Capital report on the closing market value of investments at each quarter-end, and at the year-end the reported value is reflected in the investment values in the financial statements.
- Capitalisation of *Inspiring People* expenditure (notes 9 & 10) – expenditure on the *Inspiring People* project is capitalised in line with the *Inspiring People* Capitalisation Policy, which is guided by the Charities SORP. The cost of staff that are directly attributable to the capital project are included within the *Inspiring People* capitalisation figures; management have exercised judgement as to which staff are deemed to be directly attributable. Capitalisation ceased when the Gallery reopened to the public in June 2023, and amounts capitalised as Asset under Construction were transferred into the appropriate fixed asset categories.
- The Remuneration Report disclosures are normally judged to cover the requirements of SORP 9.32 in relation to the disclosure of remuneration and benefits received by key management personnel. Due to an exceptional delay in the calculation of accrued pension benefits for 2023-24, these disclosures have instead been provided in the Staff Costs section of note 8. This therefore constitutes a change in accounting policy.

The areas where significant estimates have been made are listed below:

- Depreciation (note 10) - the useful economic lives of tangible fixed assets are based on an estimate outlined on page 71 of this report for each category of asset. Depreciation commences when assets are available for use i.e. capable of operating in the manner intended by management.
- Valuation of tangible assets (note 10) - a full revaluation of the National Portrait Gallery's land, property and plant & machinery assets is normally undertaken on a quinquennial basis (although note this has been undertaken at both March 2023 and March 2024), with desktop valuations undertaken in the intervening years for land, and indexation applied to property and plant & machinery assets. Further details of this are included on page 71 and in note 10.

Income and endowments

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

Donations and legacies

Grant in Aid from DCMS is recognised on receipt. Membership income is non-refundable and recognised on receipt; in substance it is similar to a donation and is classified as such within the financial statements. Donated works of art are recognised as income based on the value at the date of acceptance. Donations of works of art are normally valued by the National Portrait Gallery curators who are experts in their fields, with external validation when required. Donation income, including lottery and grant income, is recognised as income when the conditions for its receipt have been met.

Receipt of a legacy will be recognised when there has been grant of probate; the executors have established that there are sufficient assets in the estate; that any conditions attached to the legacy are within the control of the National Portrait Gallery or have been met; and it is possible to estimate with sufficient accuracy the amount receivable. Where a payment is received from an estate or is notified as receivable by the executors after the reporting date and before the accounts are authorised for issue, but it is clear that the payment had been agreed by the executors prior to the end of the reporting period, then it is treated as an adjusting event and accrued as income if receipt is probable.

Government Grants

Government Grants, including Grant in Aid, are recognised on a receivable basis.

Other trading activities

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

Investments

Dividend and interest income is recognised on a receivable basis.

Charitable activities

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

Deferred income

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

Expenditure

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

Costs of raising donations and legacies

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

Charitable activities

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

Support costs

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

Heritage Assets

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

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

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

Fixed assets

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

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

With the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually. A professional revaluation of assets is normally undertaken on a quinquennial basis. In the years in between professional valuations, indices are used to adjust the net book value of the assets, along with a desk top valuation of the land element.

Material variations from historical cost are reflected in the balance sheet value. Unrealised gains are taken to reserves; unrealised losses are taken to reserves where applicable, and where there is no pre-existing reserve, are disclosed in the Statement of Financial Activities.

Due to the completion of the building project during the financial year, a revaluation of the Trustees' property holding was undertaken at 31 March 2024 by Montagu Evans, independent property consultants. Specialised operational assets are valued on a Depreciated Replacement Cost (DRC) basis, which is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation; operational assets are valued on the basis of Existing Use Value.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life; a full year's depreciation is charged in the year of acquisition and none is charged in the year of disposal. The useful economic lives of the tangible fixed assets are as follows:

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

Assets under construction represent all costs incurred in relation to capital projects, measured at historical cost. In accordance with the Charities SORP (FRS 102), all costs incurred to bring the

asset into its intended working condition are included in the measurement of cost, such as site preparation, borrowing costs and any other directly attributable costs.

Depreciation on assets commences when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible Assets

The threshold for capitalisation of intangible fixed assets is £1,000.

Purchased software is held at historic cost and amortised on a straight-line basis over the expected life of the license.

Expenditure relating to the development of new software that is incurred between establishing technical feasibility and the asset becoming ready for use is capitalised when it meets the criteria in FRS 102. Expenditure on research activities, and on development activities that do not meet the above criteria, is charged to the heading 'Charitable Activities' in the Statement of Financial Activities as incurred. Internally developed intangible assets are held at historic cost and amortised on a straight line basis over their useful economic lives. Amortisation of intangible assets under construction commences when the asset is available for use.

A full year's amortisation is charged in the year of acquisition or when the asset is ready for use and none is charged in the year of disposal.

Impairment reviews are carried out at the end of each reporting period, in accordance with the Charities SORP (FRS 102), to ensure that the carrying values of the assets reflect the recoverable amounts.

The useful economic lives of the intangible assets are as follows:

Purchased software	- 2 to 5 years
Internally generated software	- 10 years

Intangible assets under construction comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Impairments of Financial Assets

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

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

Investments

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

Stock

Stock is stated at the lower of cost or net realisable value and is reviewed for obsolescence at year-end. When calculating stock provisions, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability. All stock is held by the National Portrait Gallery Company Ltd. Stock relating to Publishing was transferred from the Gallery to the Company at the lower of cost and net realisable value on 1st April, 2021.

Cash and liquid resources

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

Foreign currencies

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

Operating leases

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

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, of which the National Portrait Gallery is not able to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk). For more information, please see note 8. Pensions are accounted for as a defined benefit scheme for members of the PCSPS. A partnership pension account has also been available which is a defined contribution stakeholder pension scheme with a choice of providers.

Redundancy costs

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

Fund accounting

The National Portrait Gallery maintains unrestricted, designated, restricted and endowment funds as set out in note 18.

Taxation

The National Portrait Gallery is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The taxable profits of the National Portrait Gallery Company Limited are distributed to the National Portrait Gallery under Gift Aid rules and no tax liability is expected for the year ended 31 March 2024.

Liabilities

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

Provisions for liabilities are measured at the best estimate of their settlement amount.

Financial instruments

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 16. Investments are held at market value, as they are classified as being held at fair value since the funds are actively managed.

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

2. Prior Year Consolidated Statement of Financial Activities

Incorporating an income and expenditure account, for the Year Ended 31 March 2023

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2021-22 Total funds £000
		2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Total funds £000	2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Total funds £000	2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Total funds £000	2022-23 Unrestricted funds £000	2022-23 Restricted funds £000	2022-23 Endowment funds £000	2022-23 Total funds £000	
Income and endowments from:															
<i>Donations and legacies</i>															
Grant in Aid	4	10,305	-	10,305	8,318	-	8,318	-	-	-	18,623	-	-	18,623	15,498
CJRS Government Grant		-	-	-	-	-	-	-	-	-	-	-	-	-	167
Other donations and legacies		743	7,081	7,824	-	-	-	-	4,508	4,508	743	11,589	-	12,332	16,174
<i>Charitable activities</i>	5	1,043	747	1,790	-	-	-	-	-	-	1,043	747	-	1,790	1,557
<i>Other trading activities</i>	6	1,392	1	1,393	-	-	-	-	-	-	1,392	1	-	1,393	1,877
<i>Investments</i>	12	63	12	75	-	-	-	-	-	-	63	12	-	75	20
Total		13,546	7,841	21,387	8,318	-	8,318	-	4,508	4,508	21,864	12,349	-	34,213	35,293
Expenditure on:															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	813	108	921	128	97	225	-	-	-	941	205	10	1,156	1,098
Fundraising trading: cost of goods sold and other costs	8	1,684	174	1,858	186	149	335	-	-	-	1,870	323	-	2,193	2,670
Investment management costs	8	10	1	11	-	-	-	-	11	11	10	12	2	24	24
<i>Charitable activities</i>	8	9,172	1,163	10,335	1,148	901	2,049	-	1,250	1,250	10,320	3,314	-	13,634	10,204
Total		11,679	1,446	13,125	1,462	1,147	2,609	-	1,261	1,261	13,141	3,854	12	17,007	13,996
Net gains on investments	18	(529)	-	(529)	-	-	-	-	(878)	(878)	(529)	(878)	(221)	(1,628)	398
Net income/(expenditure)		1,338	6,395	7,733	6,856	(1,147)	5,709	-	2,369	2,369	8,194	7,617	(233)	15,578	21,695
Transfers between funds	18	4,028	(16,684)	(12,656)	(8,113)	20,778	12,665	-	(9)	(9)	(4,085)	4,085	-	-	-
Other recognised gains/(losses):															
(Loss)/gain on revaluation of fixed assets	18	-	-	-	(7,758)	(14,635)	(22,393)	-	-	-	(7,758)	(14,635)	-	(22,393)	1,795
Net movement in funds		5,366	(10,289)	(4,923)	(9,015)	4,996	(4,019)	-	2,360	2,360	(3,649)	(2,933)	(233)	(6,815)	23,490
Reconciliation of funds:															
Funds brought forward at 1 April 2022	18	10,761	23,995	34,756	7,986	84,228	92,214	-	34,485	34,485	18,747	142,708	3,527	164,982	141,492
Funds carried forward at 31 March 2023		16,127	13,706	29,833	(1,029)	89,224	88,195	-	36,845	36,845	15,098	139,775	3,294	158,167	164,982

3. Gallery Statement of Financial Activity

	2023-24 Unrestricted funds (£000)	2023-24 Restricted funds (£000)	2023-24 Endowment funds (£000)	2023-24 Total funds (£000)	2022-23 Total funds (£000)
Income and endowments from:					
Donations and legacies					
- Grant in Aid	10,985	-	-	10,985	18,623
- Other donations and legacies	3,218	22,070	-	25,288	12,332
Charitable activities	5,425	-	-	5,425	1,790
Other trading activities	1,012	324	-	1,336	979
Investments	153	26	-	179	72
Total	20,793	22,420	-	43,213	33,796
Expenditure on:					
Raising funds					
- Costs of raising donations and legacies	1,664	118	17	1,799	1,296
- Fundraising trading: cost of goods sold and other costs	2,382	282	-	2,664	1,673
- Investment management costs	4	11	1	16	24
Charitable activities	18,316	3,105	-	21,421	13,371
Total	22,366	3,516	18	25,900	16,364
Net gains on investments	263	19	38	320	(1,628)
Net income/(expenditure)	(1,310)	18,923	20	17,633	15,804
Transfers between funds	17,606	(15,941)	(1,665)	-	-
Other recognised losses:					
- Losses on revaluation of fixed assets	(1,135)	(1,230)	-	(2,365)	(22,393)
Net movement in funds	15,161	1,752	(1,645)	15,268	(6,589)
Reconciliation of funds					
Total funds brought forward	15,324	139,775	3,294	158,393	164,982
Total funds carried forward	30,485	141,527	1,649	173,661	158,393

Prior year comparative

	2022-23 Unrestricted funds (£000)	2022-23 Restricted funds (£000)	2022-23 Endowment funds (£000)	2022-23 Total funds (£000)
Income and endowments from:				
Donations and legacies				
- Grant in Aid	18,623	-	-	18,623
- CJRS Government Grant	-	-	-	-
- Other donations and legacies	743	11,589	-	12,332
Charitable activities	1,043	747	-	1,790
Other trading activities	978	1	-	979
Investments	60	12	-	72
Total	21,447	12,349	-	33,796
Expenditure on:				
Raising funds				
- Costs of raising donations and legacies	1,081	205	10	1,296
- Fundraising trading: cost of goods sold and other costs	1,350	323	-	1,673
- Investment management costs	10	12	2	24
Charitable activities	10,057	3,314	-	13,371
Total	12,498	3,854	12	16,364
Net losses on investments	(529)	(878)	(221)	(1,628)
Net income/(expenditure)	8,420	7,617	(233)	15,804
Transfers between funds	(4,085)	4,085	-	-
Other recognised losses:				
- Losses on revaluation of fixed assets	(7,758)	(14,635)	-	(22,393)
Net movement in funds	(3,423)	(2,933)	(233)	(6,589)
Reconciliation of funds				
Total funds brought forward	18,747	142,708	3,527	164,982
Total funds carried forward	15,324	139,775	3,294	158,393

4. Donations and legacies

Group Donations and Legacies

	2024 £000	2023 £000
Grant in Aid	10,985	18,623
Grants & donations	22,245	7,127
Legacies	13	207
Fundraising events	690	-
Donations in kind	-	-
Individual giving	956	128
National Lottery Heritage Fund	1,034	3,011
Donated works of art	350	1,859
Total	36,273	30,955
<i>of which the following is taken to (see pages 64 and 75)</i>		
Income and expenditure	19,253	18,129
Capital	500	8,318
Collections	16,520	4,508
Endowments	-	-

Grant in Aid is available for running costs, capital improvements and Collection purchases. Of the total figure, £500,000 (£8,318,000 in 2022-23) was provided for capital purposes.

Restricted income included in the above total amounted to £22,070,000 for 2023-24 (£11,589,000 for 2022-23.)

Included within Grants and Donations is £15.3m relating to the Gallery's £25.0m contribution for the joint acquisition of *Portrait of Mai* by Joshua Reynolds with Getty.

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

5. Charitable activities

Group Charitable Activities

	2024	2023
	£000	£000
Exhibitions income	5,357	1,789
Learning income	68	1
Total	5,425	1,790
<i>of which the following is taken to (see pages 64 and 75)</i>		
Income and expenditure	5,425	1,790
Capital	-	-
Collections	-	-
Restricted income included in the above total	-	747

Of the above income, £nil relates to the Trading Company (£nil in 2022-23).

6. Other trading activities

Group Other trading activities

	2024	2023
	£000	£000
Trading	4,786	1,271
Other activities for raising funds	235	122
Total	5,021	1,393
<i>of which the following is taken to (see pages 64 and 75)</i>		
Income and expenditure	5,021	1,393
Capital	-	-
Collections	-	-

Restricted income included in the above totals £323,743 (£1,153 in 2022-23).

Included within the above totals for income from other trading activities for the group is £4,190,110 (£1,023,048 in 2022-23) of income generated by the National Portrait Gallery Company Limited. An additional £504,139 (£609,398 in 2022-23) of income due to the National Portrait Gallery from the National Portrait Gallery Company Limited has been eliminated on consolidation. This relates to the management charge. Company profits of £nil (£nil in 2022-23) have been gift aided to the Gallery for 2023-24. In total, this brings the Gallery's non-consolidated trading income to £1,335,085 (£979,820 in 2022-23).

7. Net income/(expenditure)

Net income/expenditure is stated after charging:

	2024 £000	2023 £000
<i>Auditors' remuneration</i>		
National Audit Office	68	63
PKF Littlejohn LLP – Gallery taxation & technical advice	5	-
PKF Littlejohn LLP – Subsidiary audit	13	13
PKF Littlejohn LLP – Subsidiary taxation & technical advice	2	-
<i>Lease rentals</i>		
Land and buildings	457	465
Equipment	6	15
<i>Depreciation</i>	2,868	2,564
<i>Amortisation</i>	183	43
<i>Loss on disposal of fixed assets</i>	30	63
<i>Donation of artwork - given</i>	-	1,250

No non-audit services were provided by the National Audit Office.

8. Total expenditure

Total expenditure

	Staff costs £000	Other direct costs £000	Support costs £000	Depreciation & Amortisation £000	2024 Total £000	2023 Total £000
<i>Raising funds</i>						
Costs of raising donations and legacies	713	451	436	202	1,802	1,156
Fundraising trading: cost of goods sold and other costs	1,635	1,670	1,148	517	4,970	2,193
Investment management costs	-	15	1	-	16	24
<i>Total costs of raising funds</i>	2,348	2,136	1,585	719	6,788	3,373
<i>Charitable activities</i>						
Extending and broadening audiences	2,346	2,071	1,388	604	6,409	3,786
Developing the Collection	2,524	2,251	1,611	868	7,254	2,729
Increasing understanding and engagement	3,217	2,894	1,962	860	8,933	7,119
<i>Total charitable activities</i>	8,087	7,216	4,961	2,332	22,596	13,634
Total	10,435	9,352	6,546	3,051	29,384	17,007

Support costs

Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2024 Total £000	2023 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	17	55	61	71	203	29	436	314
Fundraising trading: cost of goods sold and other costs	49	155	155	183	521	85	1,148	517
Investment management costs	-	1	-	-	-	-	1	3
<i>Total costs of raising funds</i>	66	211	216	254	724	114	1,585	834
<i>Charitable activities</i>								
Extending and broadening audiences	65	208	182	213	608	112	1,388	856
Developing the Collection	71	224	261	61	873	121	1,611	1,133
Increasing understanding and engagement	91	288	259	303	866	155	1,962	1,717
<i>Total charitable activities</i>	227	720	702	577	2,347	388	4,961	3,706
Total	293	931	918	831	3,071	502	6,546	4,540
Basis of allocation	expenditure	expenditure	average FTE	FTE excluding visitor services	average FTE	expenditure		

Support costs include an element of staff costs amounting to £2,613,000 (£1,654,000 in 2022-23).

Staff costs

Total Staff costs

	2024	2023
	£000	£000
Wages and salaries	9,705	5,365
Pension costs	2,045	1,242
Social Security costs	906	514
Redundancy costs	146	-
Total employee costs	12,802	7,121
Agency staff costs	247	295
Total employee and agency staff costs	13,049	7,416

Not included in the above is £538,092 of staff costs relating to staff working on capital projects that were capitalised in 2023-24 (£2,383,467 in 2022-23). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 6 in 2023-24 (28 in 2022-23).

The Gallery's average gender profile for the year is 23% male, 76% female and 1% non-binary in 2023-24 (24% male, 75% female and 1% non-binary in 2022-23). Of the Director's Group within the Gallery (as listed on page 53) 22% are male, and 78% are female in 2023-24 (9% male, and 91% female in 2022-23).

The key management personnel of the Gallery comprise the Director and COO. The total employee benefits including employer's pension and national insurance contributions of the key management personnel were £390,114 (£328,054 in 2022-23).

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

Staff pay brackets over £60,000

	2024	2023
	No.	No.
£60,000 - £69,999	5	8
£70,000 - £79,999	3	2
£80,000 - £89,999	2	1
£90,000 - £99,999	0	1
£100,000 - £109,999	1	0
£110,000 - £119,999	0	0
£120,000 - £129,999	0	1
£130,000 - £139,999	1	0
£140,000 - £149,999	0	0
£150,000 - £159,999	1	0
£160,000 - £169,999	1	0
Total	14	13

Of the staff earning more than £60,000, 21% are male and 79% are female (15% male and 85% female in 2022-23).

Of the staff earning more than £60,000, 13 are members of a defined benefit pension scheme (8 in 2022-23); 1 is a member of the defined contribution pension scheme (1 in 2022-23). Further information on Director's and senior managers' pay can be found in the remuneration report on page 39.

The Trustees neither received nor waived any emoluments during the year (also in 2022-23). Expenses reimbursed or paid on behalf of Independent Committee Members for travel amounted to £237 (£nil in 2022-23).

£272,453 was spent on off-payroll workers during the year (£109,358 in 2022-23) as established by the FReM guidance, paragraph 6.5.31 and set out in the table on page 42. There were no off-payroll engagements of board members or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024.

The average number of full-time equivalent (FTE) staff during the year was 225 (151 in 2022-23). Included within this total are 119 FTE staff on fixed-term contracts (52 in 2022-23).

Breakdown of average FTE staff by occupational group

	2024 No.	2023 No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	13	11
Costs of fundraising trading	32	15
<i>Charitable activities</i>	147	95
<i>Other resources expended – support costs</i>	33	30
Total	225	151

Breakdown of Exit Packages

Exit package cost band	Number of compulsory redundancies 2024	Number of other redundancies agreed 2024	Total number of exit packages by cost band 2024	Total number of exit packages by cost band 2023
£0-£25,000	-	-	-	-
£25,001 - £50,000	-	1	1	-
£50,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	1	1	-
£150,000+	-	-	-	-
Total number of exit packages	-	2	2	-
Total cost/£000		£146	£146	£nil
No. of exit packages repaid	-	-	-	-
Cost of exit packages repaid/£000	-	-	-	-
Total resource cost/£000	-	£146	£146	£nil

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

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

For 2023-24, employers' contributions of £1,998,269 were payable to the PCSPS (£1,596,027 in 2022-23) at one of four rates in the range of 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a defined contribution pension scheme with an employer contribution. Employers' contributions of £139,642 (£34,052 in 2022-23) were paid to one or more of a panel of two appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £739 (£1,089 in 2022-23), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions of £16,033 (£2,782 in 2022-23) were due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date. Any liabilities or expenses relating to the defined contribution pension scheme are allocated to unrestricted funds and restricted funds on the same basis as other employee-related costs unless the terms of a restriction prohibit the allocation of such costs to a restricted fund.

In 2023-24, £102,176 of pension contributions have been capitalised (£377,781 in 2022-23).

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

9. Intangible Assets

Group & National Portrait Gallery Assets

	Intangibles £000	Intangible Asset Under Construction £000	Total Intangible Assets £000
Value at 1 April 2023	375	253	628
Additions at cost	252	-	252
Transfer of assets	253	(253)	-
Gain/(Loss) on valuation	-	-	-
Disposals	-	-	-
Value at 31 March 2024	880	-	880
Amortisation at 1 April 2023	58	-	58
Charge for the year	183	-	183
Gain/(Loss) on valuation	-	-	-
Disposals	-	-	-
Amortisation at 31 March 2024	241	-	241
Net book value at 31 March 2024	639	-	639
Net book value at 31 March 2023	317	253	570

Intangible assets consist of purchased software and internally generated software.

10. Tangible assets

Group & National Portrait Gallery Assets

	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2023	37,091	22,100	10,575	4,392	41,170	115,328
Additions at cost	-	240	475	452	4,423	5,590
Transfer of assets	-	29,179	16,414	-	(45,593)	-
Gain/(Loss) on valuation	(723)	(14,003)	(7,142)	-	-	(21,868)
Disposals	-	-	(83)	(548)	-	(631)
Value at 31 March 2024	36,368	37,516	20,239	4,296	-	98,419
Depreciation at 1 April 2023	-	11,453	5,649	2,790	-	19,892
Charge for the year	-	1,329	1,125	416	-	2,870
Gain/(Loss) on valuation	-	(12,782)	(6,721)	-	-	(19,503)
Disposals	-	-	(53)	(548)	-	(601)
Depreciation at 31 March 2024	-	-	-	2,658	-	2,658
Net book value at 31 March 2024	36,368	37,516	20,239	1,638	-	95,761
Net book value at 31 March 2023	37,091	10,647	4,926	1,602	41,170	95,436

Prior year comparative

	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2022	35,234	35,870	18,522	3,487	20,411	113,524
Additions at cost	810	1,912	72	1,535	20,759	25,088
Gain/(Loss) on valuation	1,047	(15,682)	(7,758)	-	-	(22,393)
Disposals	-	-	(261)	(630)	-	(891)
Value at 31 March 2023	37,091	22,100	10,575	4,392	41,170	115,328
Depreciation at 1 April 2022	-	10,307	4,830	3,019	-	18,156
Charge for the year	-	1,146	1,017	401	-	2,564
Gain/(Loss) on valuation	-	-	-	-	-	-
Disposals	-	-	(198)	(630)	-	(828)
Depreciation at 31 March 2023	-	11,453	5,649	2,790	-	19,892
Net book value at 31 March 2023	37,091	10,647	4,926	1,602	41,170	95,436
Net book value at 31 March 2022	35,234	25,563	13,692	468	20,411	95,368

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

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

Following completion of the buildings project, a full revaluation of the Trustees' property holdings was undertaken at 31 March 2024 by Montagu Evans, independent property consultants. The revaluation was in accordance with the Royal Institution of Chartered Surveyors' "Red Book", RICS Appraisal and Valuation Standards. Non-specialised property is valued at market value for existing use, whilst specialised property is valued at depreciated replacement cost (DRC). DRC is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation. The revaluation resulted in a £2.4m reduction in the value of the existing property holdings.

During 2022-23, the Gallery purchased 11a Charing Cross Road ("The Portrait Pavilion"), which previously operated as a ticket booth, for £2.7m. The Portrait Pavilion came into use in November 2023 and has been included in the year end revaluation undertaken by Montagu Evans. The revaluation resulted in a £0.7m reduction in the value of the Pavilion.

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

Assets under construction of £41,170,000 brought forward, plus in-year additions of £4,423,000 representing all costs incurred in relation to the capital element of the *Inspiring People* project, were transferred to land and buildings and plant and machinery once the asset came into use in June 2023. During 2023-24, costs capitalised include professional fees and staff costs for those staff directly involved in the project, contractor payments, and borrowing costs of £14,704 (£62,244 in 2022-23). Costs relating to the Activity Plan element of the project have not been capitalised. The capital element of the project was completed in June 2023, when the main building reopened to the public.

11. Heritage assets

Collection Cost and Valuation

	Value at 1 April 2023 £000	Additions £000	Value at March 2024 £000
<i>Cost</i>			
Primary Collection	24,774	25,717	50,491
Reference Collection	71	1	72
Photographs Collection	837	38	875
<i>Valuation</i>			
Primary Collection	8,966	278	9,244
Reference Collection	3,230	4	3,234
Photographs Collection	1,046	68	1,114
Total	38,924	26,106	65,030

In the year 2023-24, 165 works (166 in 2022-23) were added to the Collection of which 99 were included at cost price (94 in 2022-23) and 66 have been valued (72 in 2022-23).

During the year, the Gallery jointly acquired *Portrait of Mai* by Joshua Reynolds with t Getty. The acquisition cost was £25m, funded via donations (£15.3m) made towards the acquisition and from our own investments (£9.7m).

Five-year financial summary of heritage asset transactions

	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000
<i>Cost</i>					
Purchased assets	130	307	127	1,562	25,756
<i>Valuation</i>					
Donated assets	1,643	298	305	1,859	350
Total additions	1,773	605	432	3,421	26,106

Further Information on the National Portrait Gallery's Collection

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

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

Primary Collection

The National Portrait Gallery's Collection is among the largest and most prestigious collections of portraits in the world in all media. The Primary Collection of paintings, sculpture, miniatures, drawings, prints, photographs, silhouettes and mixed/new media works contains portraits of the most famous people in British history.

Reference Collection

The Archive and Library's Reference Collection complements the Gallery's primary Collection of portraits and contributes to a better understanding of British Portraiture generally. The Reference Collection comprises mainly prints but also drawings, paintings, sculptures, and a small but growing collection of popular ceramics. The Reference Collection is used for study and exhibition, and has been extensively reproduced in books and other publications. The majority of the Collection is catalogued; cataloguing of the remaining items, all historic acquisitions, is ongoing.

Photographs Collection

The Photographs Collection is one of the most important collections of photographic portraits in the world, containing original photographic images approximately half of which are original negatives. They date from the 1840s to the present day. The Collection is divided into two parts; photographic portraits that are subsumed into the Gallery's Primary Collection of portraits, and the remainder which form the Photographs Collection. Actively collected since 1972, photographic holdings include large archives of negatives and prints from the studios of including Bassano, Elliott & Fry and Lafayette - the National Photographic Record, commissioned by the Gallery from 1916-1970 and albums including Camille Silvy's daybooks from the 1860s. Women photographers represented include Olive Edis working with autochromes, Art Deco portraitist Dorothy Wilding, Yevonde working in colour in the 1930s and Ida Kar documenting the mid-20th century artistic scene. Other major photographers' bodies of work include Cecil Beaton, Bill Brandt, Lewis Morley, Snowdon and Norman Parkinson as well as an active collection of contemporary photographs. The majority of the Collection is catalogued; cataloguing of the remaining items, which are larger archives of both prints and negatives and historic acquisitions, is ongoing.

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

Preservation and Management of the Collection

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

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

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

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

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

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

Acquisitions

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

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

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

Disposals

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

Capitalisation of the Collection

Additions to the Collection acquired since 1 April 2001 are capitalised and recognised in the balance sheet, at the cost or value of the acquisition. In accordance with the Charities SORP (FRS 102), such items are subsequently carried at initial valuation, and are not depreciated or revalued as a matter of routine. Expenditure to conserve the works is included under charitable activities in the Statement of Financial Activities.

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

12. Investments

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

Fixed asset investments

	2024	2023
	£000	£000
Market value at 1 April 2023	1,543	12,459
Investment portfolio additions	-	-
Investment portfolio disposals	(10)	(49)
Investment Management Charges deducted	-	(2)
Reclassification from/(to) current investments	617	(10,111)
Gains/(losses) on revaluation	50	(754)
Market value at 31 March 2024	2,200	1,543

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

The Master Portfolio (TMP)

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

The Master Portfolio is valued at year-end based on the value of the underlying assets within the fund, of which 31% are listed and market-priced. These include individual securities, daily dealing funds and the cash balance, which is held in a money market fund. The non-listed element is invested in investment funds.

At March 2023, the Master Portfolio was reclassified to current investments due to the withdrawal towards the purchase of *Portrait of Mai* by Joshua Reynolds. At March 2024, the remaining balance in the fund has been transferred back to fixed asset investments to reflect the long-term nature of the investment.

Heinz Archive Fund

As the income and capital relating to the Heinz Archive fund are ring-fenced it has been classified within fixed asset investments.

27.4% of the fixed asset investments are held outside the UK (82% in 2022-23). Unrealised gains and losses are included in the Statement of Financial Activities.

Current asset investments

	2024	2023
	£000	£000
Market value at 1 April 2023	22,803	13,618
Investment portfolio additions	-	-
Investment portfolio disposals	(9,797)	(30)
Investment management charges deducted	(24)	(22)
Reclassification (to)/ from fixed investments	(617)	10,111
Gains/(losses) on revaluation	270	(874)
Market value at 31 March 2024	12,635	22,803

Current asset investments are held for the purposes of producing a return, but the Gallery considers that they should remain highly liquid and available at short notice if required. Current asset investments consist of all investments, except for the Heinz Archive fund and the Master Portfolio. Aside from cash, investments held include fixed income investments, credit investments, and inflation-linked bonds, all held via third party investment vehicles.

At March 2023, the Master Portfolio was reclassified to current investments and subsequently £9.7m was withdrawn in the year from The Master Portfolio and the Heinz Acquisition fund towards the £25.0m purchase of *Portrait of Mai* by Joshua Reynolds. At March 2024, the remaining balance of £0.6m in the Master Portfolio has been reclassified to fixed asset investments to reflect the long-term nature of the investment.

At the year-end, £2,407,000 (2023: £2,151,000) of current asset investments relate to unrestricted reserves. The rest relates to the remainder of the Portrait Fund and the DCMS *Inspiring People* loans (see note 16). The investments are valued at the year-end value of the underlying assets, 97.3% of which is listed and market-priced. None of the current investments are held outside the UK.

Investment Portfolio

	2024	2023
	Market value	Market value
	£000	£000
<i>Investments in the UK</i>		
Government stocks (inflation linked gilts)	505	3,301
Multi-asset class	-	184
Absolute return	-	1,035
Money market funds	11,771	-
Cash	359	-
<i>Investments held outside the UK</i>		
Corporate bonds	-	2,157
Absolute return	-	1,143
Multi-asset class	-	9,632
Cash	-	5,351
Total	12,635	22,803

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

13. Stock

Stock

	Group		National Portrait Gallery	
	2024 £000	2023 £000	2024 £000	2023 £000
Goods for resale	582	337	-	-
Work in progress	34	29	-	-
Total	616	366	-	-

14. Debtors

Debtors

	Group		National Portrait Gallery	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade debtors	519	281	352	215
Provision for bad debts	(34)	(3)	(20)	(2)
Subtotal	485	278	332	213
Amounts due from group companies	-	-	1,642	1,309
Other debtors	104	49	55	25
Prepayments	166	167	152	156
Accrued Museums & Galleries Exhibition Tax Relief income	676	286	676	286
Accrued income	1,103	571	972	571
VAT recoverable	222	722	223	722
Total	2,756	2,073	4,052	3,282

Museums & Galleries Exhibition Tax Relief income is claimed in arrears by the Gallery. During 2023-24 payment was received relating to 2020-21, and the accrued income remaining relates to 2021-22, 2022-23 and 2023-24.

15. Cash and liquid resources

Cash and liquid resources

Held at/in:	Group		National Portrait Gallery	
	2024 £000	2023 £000	2024 £000	2023 £000
Interest-bearing accounts	7,043	9,808	5,990	9,166
Cash and non-interest-bearing accounts	2,616	4,357	2,575	4,241
Total	9,659	14,165	8,565	13,407

Income from UK bank deposits

	Group		National Portrait Gallery	
	2024 £000	2023 £000	2024 £000	2023 £000
Income from UK bank deposits	200	61	179	57
Total	200	61	179	57

16. Creditors

Creditors, amounts falling due within one year

	Group		National Portrait Gallery	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade creditors	609	1,548	580	1,481
Other creditors	1,106	1,330	1,101	1,326
Taxation and social security	431	370	383	370
Accruals	2,608	3,379	2,365	3,331
Deferred income	541	496	448	474
Total	5,295	7,123	4,877	6,982

Creditors, amounts falling due after more than one year

	Group		National Portrait Gallery	
	2024 £000	2023 £000	2024 £000	2023 £000
Other creditors	10,063	10,567	10,063	10,567
Total	10,063	10,567	10,063	10,567

Creditors falling due after more than one year comprise two loans from DCMS. During 2017-18 a loan was provided by DCMS to fund the purchase of the East Wing freehold from the National Gallery. Following this, a further loan was agreed with DCMS in 2020-21 for £8,800,000. This loan funded the forecast operational deficit during closure and cashflow for the *Inspiring People* project.

During 2023-24, DCMS provided a bridging loan of £8m to facilitate the purchase of *Portrait of Mai* by Joshua Reynolds. The loan was repaid before year end.

Loans

	Year of receipt	Value (£000)	Interest Rate	Principal Due Date
East Wing Loan	2017-18	2,608	1.63%	2037-38
IP loan tranche 1	2020-21	2,108	0.34%	2038-39
IP loan tranche 2	2020-21	500	0.29%	2038-39
IP loan tranche 3	2021-22	459	1.00%	2038-39
IP loan tranche 4	2021-22	3,500	0.31%	2026-27
IP loan tranche 5	2022-23	2,233	1.71%	2038-39

Deferred income

	Group		National Portrait Gallery	
	2024	2023	2024	2023
	£000	£000	£000	£000
Deferred income brought forward	496	152	474	140
Released in year	(484)	(65)	(474)	(65)
Deferred in year	529	409	448	399
Deferred income carried forward	541	496	448	474

Deferred income released during the year related to sponsorship, where the underlying activities were completed during the year. Income deferred in the year relates to sponsorship & exhibition ticket sales.

Provisions

	Group		National Portrait Gallery	
	2024	2023	2024	2023
	£000	£000	£000	£000
Provisions brought forward	23	23	23	23
Utilised in year	(23)	-	(23)	-
Released in year	-	-	-	-
Charged in year	281	-	281	-
Provisions carried forward	281	23	281	23

The new provision relates to supplier accounts relating to the *Inspiring People* project. The timing and amount of any payment is currently uncertain; the provision created represents the Gallery's current best estimate of the obligation.

17. Leases

The National Portrait Gallery does not hold any finance leases.

At March 2024, the National Portrait Gallery had annual commitments under non-cancellable operating leases as follows:

Leases for the Group

	Land and buildings £000	Other £000	2024 £000	2023 £000
One year	174	10	184	288
Two to five years	683	37	720	683
More than five years	341	-	341	512
Total	1,198	47	1,245	1,483

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

18. Statement of funds

Statement of funds for the Group

2023-24	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Losses on revaluation £000	Gain/(Loss) on investment £000	Closing Funds £000
Unrestricted							
<i>Designated</i>							
Land & Buildings	2,703	240		(36)	(714)	-	2,193
Plant & Machinery, Fixtures & Fittings, Intangibles	959	17,623	-	(1,753)	-	-	16,829
Plant & Machinery revaluation reserve	6,139	(30)	-	-	(421)	-	5,688
<i>Inspiring People</i> Fund	-	67	91	(135)	-	-	23
Subtotal	9,801	17,900	91	(1,924)	(1,135)	-	24,733
<i>Unrestricted funds</i>	5,297	(294)	24,408	(23,926)	-	263	5,748
Total unrestricted funds	15,098	17,606	24,499	(25,850)	(1,135)	263	30,481
Restricted							
Asset Under Construction	41,170	(41,170)	-	-	-	-	-
Land & Buildings	15,356	29,179	-	(1,294)	-	-	43,241
Land & Buildings revaluation reserve	29,679	-	-	-	(1,230)	-	28,449
Heritage Assets	38,924	25,756	350	-	-	-	65,030
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	9,882	(7,847)	-	(11)	-	19	2,043
Dame Helen Gardner Fund	16	-	-	-	-	-	16
Grants & Donations Fund for Acquisitions	188	(15,903)	16,170	-	-	-	455
Grants & Donations Fund for <i>Inspiring People</i>	3,943	(5,677)	5,037	(1,727)	-	-	1,576
Grants & Donations Fund for other activities	617	(279)	863	(484)	-	-	717
Total restricted income funds	139,775	(15,941)	22,420	(3,516)	(1,230)	19	141,527
Endowments							
Heinz Archive Fund	1,543	-	-	(17)	-	50	1,576
Heinz Acquisitions Fund	1,751	(1,665)	-	(1)	-	(12)	73
Total endowment funds	3,294	(1,665)	-	(18)	-	38	1,649
Total funds	158,167	-	46,919	(29,384)	(2,365)	320	173,657

Prior Year Statement of funds for the Group

<i>2022-23</i>	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Losses on revaluation £000	Losses on investment £000	Closing Funds £000
Unrestricted							
<i>Designated</i>							
Land & Buildings	-	2,703	-	-	-	-	2,703
Plant & Machinery, Fixtures & Fittings	329	1,039	1,116	(1,525)	-	-	959
Plant & Machinery revaluation reserve	13,916	(19)	-	-	(7,758)	-	6,139
<i>Inspiring People Fund</i>	-	(62)	62	-	-	-	-
Subtotal	14,245	3,661	1,178	(1,525)	(7,758)	-	9,801
<i>Unrestricted funds</i>	4,502	(7,746)	20,686	(11,616)	-	(529)	5,297
Total unrestricted funds	18,747	(4,085)	21,864	(13,141)	(7,758)	(529)	15,098
Restricted							
Asset Under Construction	20,411	20,759	-	-	-	-	41,170
Land & Buildings	16,483	19	-	(1,146)	-	-	15,356
Land & Buildings revaluation reserve	44,314	-	-	-	(14,635)	-	29,679
Heritage Assets	35,503	1,562	1,859	-	-	-	38,924
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	10,930	(159)	-	(11)	-	(878)	9,882
Dame Helen Gardner Fund	9	7	-	-	-	-	16
Grants & Donations Fund for Acquisitions	115	(1,325)	2,649	(1,251)	-	-	188
Grants & Donations Fund for <i>Inspiring People</i>	14,642	(16,492)	7,042	(1,249)	-	-	3,943
Grants & Donations Fund for other activities	301	(286)	799	(197)	-	-	617
Total restricted income funds	142,708	4,085	12,349	(3,854)	(14,635)	(878)	139,775
Endowments							
Heinz Archive Fund	1,620	-	-	(11)	-	(66)	1,543
Heinz Acquisitions Fund	1,907	-	-	(1)	-	(155)	1,751
Total endowment funds	3,527	-	-	(12)	-	(221)	3,294
Total funds	164,982	-	34,213	(17,007)	(22,393)	(1,628)	158,167

Fair value reserve

	Investment in funds at historic cost £000	Fair value reserve £000	Market value of investments Mar24 £000
Restricted <i>Portrait Fund</i>	2,473	(461)	2,012
Unrestricted <i>General fund</i>	10,126	1,081	11,207
Endowments	1,570	46	1,616
Total	14,169	666	14,835

Prior year fair value reserve

	Investment in funds at historic cost £000	Fair value reserve £000	Market value of investments Mar23 £000
Restricted <i>Portrait Fund</i>	6,058	4,083	10,141
Unrestricted <i>General fund</i>	10,133	818	10,951
Endowments	3,189	65	3,254
Total	19,380	4,966	24,346

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

Designated funds

Funds designated for a particular use by the Trustees.

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

- *Plant & Machinery, Fixtures & Fittings* – funds applied towards the purchase of plant, machinery, fixtures and equipment.
- *Plant & Machinery Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values of plant and machinery to arrive at a modified historical cost.

- *The Inspiring People fund* – represents funds generated from the *Inspiring People* public campaign.

General funds

Funds available for general use.

Restricted funds

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

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

- *Land and Buildings* – the value of the National Portrait Gallery's estate vested in the Board of Trustees by the Secretary of State for the Environment and adjusted for subsequent valuations and disposals.
- *Land and Buildings Revaluation reserve* – the reserve arising from the 5-yearly revaluation and the indexation of historical asset values to arrive at a modified historical cost.
- *Heritage assets* – funds applied towards the purchase of acquisitions for the Collection together with all donated works of art since 1 April 2001.
- *Portrait fund* – funds raised specifically for the development of the Collection (acquisitions and related costs such as conservation and displays) as set out in the Portrait fund deed.
- *Dame Helen Gardner fund* – funds provided by royalties received under Dame Helen Gardner's bequest restricted to purchasing literary or early 17th century portraits.
- *Grants and donations fund for acquisitions* – funds from various grants and donations given for the purchase of acquisitions.
- *Grants and donations fund for Inspiring People* – funds from various grants and donations given towards the *Inspiring People* project.
- *Grants and donations fund for other activities* – funds from various grants and donations given for specified purposes (not including acquisitions or *Inspiring People*).

Endowment funds

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

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

- *Drue Heinz Archive Fund* – legacy endowment to support and maintain the Heinz Library & Archives. The capital element of this endowment remains permanently intact and only the income can be spent;
- *Drue Heinz Acquisition Fund* - legacy endowment for purchase of acquisitions for the Collection. This endowment was expended during the year and used towards the purchase of *Portrait of Mai* by Joshua Reynolds.

Fund transfers 2023-24

Material fund transfers during the year relate to:

- The reclassification of the Asset under Construction into other fixed asset categories, on completion of the capital project;
- The full revaluation of the Gallery's property holdings that was undertaken at March 2024; and
- Income and expenditure relating to the purchase of *Portrait of Mai* by Joshua Reynolds.

19. Analysis of net assets between funds

Funds balances at March 2024 for the Group

	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	Total 2024 £000	Total 2023 £000
Intangible and Tangible assets	24,710	-	71,690	-	96,400	96,006
Heritage assets	-	-	65,030	-	65,030	38,924
Fixed Investments	-	-	551	1,649	2,200	1,543
Net current assets	23	15,811	4,256	-	20,090	32,261
Long-term creditors	-	(10,063)	-	-	(10,063)	(10,567)
Total net assets	24,733	5,748	141,527	1,649	173,657	158,167

20. Cash flow information

Reconciliation of net income to net cash inflow from operating activities

	<i>Notes</i>	2024 £000	2023 £000
Net income for the reporting period		17,855	15,578
Adjustments for:			
Amortisation charges	9	183	43
Depreciation charges	10	2,868	2,564
Loss on disposal of property, plant and equipment	10	30	63
Dividends and interest	15	(200)	(61)
Unrealised gain from changes in foreign currency exchange rates		(50)	14
Gain on investments	12	(320)	1,628
Investment management fees	12	24	24
Donations of works of art - given	11	-	1,250
Donations of works of art - received	11	(350)	(1,859)
Working capital movements:			
Increase in stocks	13	(250)	(6)
(Increase) / decrease in debtors	14	(682)	1,100
(Decrease) / increase in creditors	16	(1,874)	1,492
Increase in provisions	16	258	-
Increase in deferred income	16	45	344
Net cash inflow from operating activities		17,537	22,174

Analysis of cash and cash equivalents

	2024 £000	2023 £000
Balances held with commercial banks	9,647	14,164
Cash in hand	12	1
Cash balance at end of year	9,659	14,165

Analysis of changes in net debt

	At 31 Mar 2023 £000	Cash flows	Foreign exchange movements	At 31 Mar 2024 £000
Cash	14,165	(4,456)	(50)	9,659
Cash equivalents	-	-	-	-
Total	14,165	(4,456)	(50)	9,659
Loans falling due within 1 year	603	(6)	-	597
Loans falling due after more than 1 year	10,567	(504)	-	10,063
Total	11,170	(510)	-	10,660

21. Capital commitments

Capital Financial commitments

	2024	2023
	£000	£000
Capital expenditure contracted for, but not provided in the accounts	125	663
Acquisition of works of art contracted for, but not provided in the accounts	5	18
Total	130	681

Capital Opening and Closing Financial commitments

	Capital expenditure	Works of art
	£000	£000
Opening commitments at 31 March 2023	663	18
Less paid for during the year	(276)	(18)
Less commitments written out	(352)	-
Additional commitments	90	5
Closing commitments at March 2024	125	5

Prior year comparative

	Capital expenditure	Works of art
	£000	£000
Opening commitments at 31 March 2022	7,518	52
Less paid for during the year	(7,406)	(52)
Additional commitments	551	18
Closing commitments at 31 March 2023	663	18

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

Non-artwork capital commitments relate to the building works that form part of the *Inspiring People* project. Payments against these commitments, funded by donations and grants pledged to the project, will take place until the end of the construction defect period in summer 2024.

22. Subsidiaries

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

The National Portrait Gallery Company Limited

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

Asset figures taken from the National Portrait Gallery Company Limited accounts

	2024 £000	2023 £000
Fixed assets	-	-
Current assets	2,055	1,224
Current liabilities	(2,060)	(1,450)
Long-term liabilities	-	-
Net liabilities	(5)	(226)
Capital and reserves	(5)	(226)
Total capital and reserves	(5)	(226)

Current assets include stock (goods for resale) of £615,665 (£365,632 in 2022-23).

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

	2024 £000	2023 £000
Turnover	4,260	1,024
Cost of sales	(1,731)	(440)
Gross profit	2,529	584
Other income	-	-
Administrative expenses	(2,329)	(814)
Trading profit/(loss)	200	(230)
Interest receivable	21	4
Net contribution	221	(226)

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

23. Related party transactions

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

The National Portrait Gallery also entered into transactions with other related parties during the year as set out below. Where the nature of the relationship is stated as 'Trustee' that should be taken to mean 'Trustee of the National Portrait Gallery'.

Party	Nature of Relationship	Transaction	Income for the year ended March 2024	Expenditure for the year ended March 2024	Debtor balance as at March 2024	Creditor balance as at March 2024
Ross Foundation	David Ross is the Chair of the Board of Trustees of the National Portrait Gallery and a Director of the Ross Foundation.	Donation to support the <i>Inspiring People</i> Project	£1,024,000	-	-	-
Ross Foundation	David Ross is the Founder of Nevill Holt Opera and a Trustee of the National Portrait Gallery	Purchased a table at the Portrait Gala	£25,000	-	-	-
Ross Foundation	David Ross is the Founder of Nevill Holt Opera and a Trustee of the National Portrait Gallery	Donation to support the Adopt a Portrait campaign	£17,500	-	-	-
Ross Foundation	David Ross is the Founder of Nevill Holt Opera and a Trustee of the National Portrait Gallery	Contribution towards artwork transport and Patrons' dinner	£3,821	-	-	-
Björn Savén CBE	Trustee	Donation towards the <i>Portrait of Mai</i> fundraising campaign	£100,000	-	-	-
Björn Savén CBE	Trustee	Purchased a table at the Portrait Gala	£14,500	-	-	-
Blake Shorthouse	Trustee	Purchased a table at the Portrait Gala	£12,500	-	£12,500	-
Blake Shorthouse	Trustee	Donation to support the Adopt a Portrait campaign	£10,000	-	-	-
Blake Shorthouse	Trustee	Patron membership	£625	-	-	-
Rt Hon Chris Grayling PC	Trustee	Membership	£71	-	-	-

Inaya Folarin Iman	Trustee	Membership	£75	-	-	-
Sir Peter Stothard	Trustee	Membership	£417	-	-	-
Dr Mark Cecil	Trustee	Gala donation	£1,000	-	-	-
Jonathan Yeo	Trustee	Membership	£75	-	-	-
Marcus Harling	Trustee	Membership	£75	-	-	-
Dr Rachel Wang	Trustee	Membership	£94	-	-	-
Roger Blundell FCA	Trustee	Membership	£121	-	-	-
Professor Shearer West CBE	Trustee	Membership	£51	-	-	-

Jeremy Sillem, a co-opted member of the Investment Committee, is a director and shareholder with Partners Capital LLP. Partners Capital LLP are the Gallery's investment advisors with £14.8m of the Gallery's reserves under management.

24. Financial instruments

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

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

Credit risk

The National Portrait Gallery is exposed to a credit risk of £485,000 representing trade debtors (£278,000 in 2022-23), however the risk is not considered significant as major customers are known to the National Portrait Gallery.

Cash is held by the National Portrait Gallery's bankers. The charity has not suffered any loss in relation to cash held by its bankers. See note 15.

Liquidity risk

The National Portrait Gallery manages liquidity risk through its reserves policy and regular monitoring of cashflows. As a result, the National Portrait Gallery is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

Market risk

The National Portrait Gallery is not exposed to significant market risk from financial instruments. Interest and investment losses represent less than 1% of the total incoming resources for the National Portrait Gallery (less than 5% in 2022-23). The National Portrait Gallery is therefore not exposed to significant interest or investment risk.

Foreign currency risk

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

25. Post balance sheet events

We do not have any post balance sheet events to disclose.

The annual report and accounts were approved by the Accounting Officer and Trustees on 24 July 2024 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

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