

National Portrait Gallery Annual Report and Accounts 2021-22

National Portrait Gallery Annual Report and Accounts 2021-22

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

Ordered by the House of Commons to be printed 20 July 2022



© **National Portrait Gallery** copyright **2022**

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

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

This publication is available at www.gov.uk/government/official-documents.

Any enquiries regarding this publication should be sent to us at The National Portrait Gallery, 2 St Martin's Place, London, WC2H 0HE.

ISBN 978-1-5286-3561-5

E02766837 07/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates on behalf of the Controller of Her Majesty's Stationery Office

The Board of Trustees of the National Portrait
Gallery
Annual Accounts 2021-22

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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2022

CONTENTS

OUR MISSION	7
REVIEW OF ACTIVITIES IN 2021–22	8
DELIVERING ON OUR STRATEGIC OBJECTIVES	11
FUTURE DEVELOPMENTS	25
ADVISERS	37
STATEMENT OF TRUSTEES’ AND DIRECTOR’S RESPONSIBILITIES	44
GOVERNANCE STATEMENT	45
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT	57
FINANCIAL STATEMENTS	63
NOTES TO THE ACCOUNTS	67

Our Mission

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

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

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

The Gallery today

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

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

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

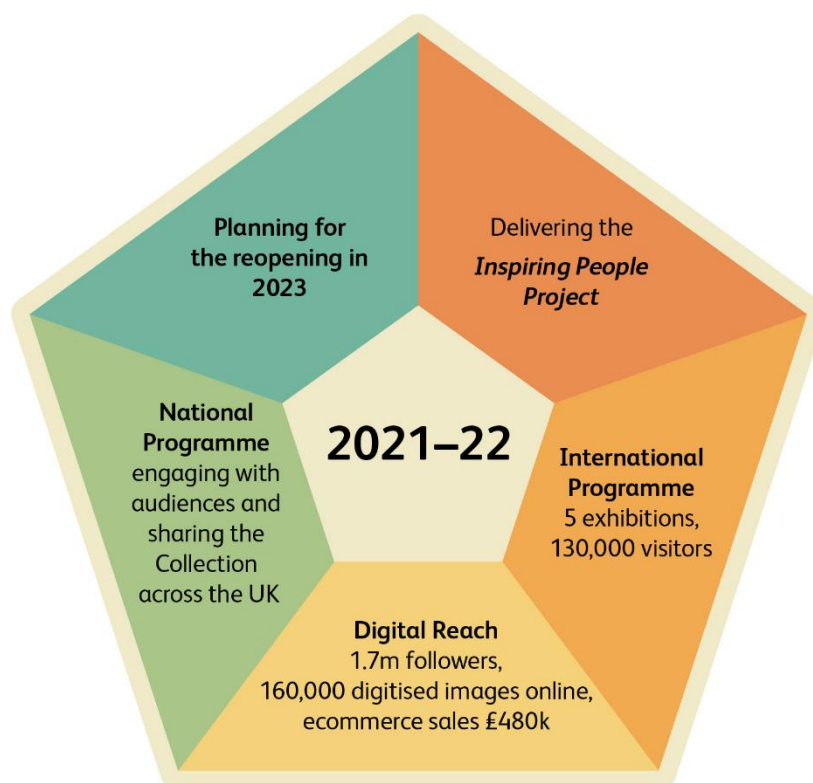
In order to complete the redevelopment efficiently and to safeguard visitors, members of staff and the Collection, the Gallery closed to the public in spring 2020 to allow essential building works to take place.

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

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

REVIEW OF ACTIVITIES IN 2021–22

Year at a glance



Delivering the *Inspiring People* project

The year marked significant progress for the *Inspiring People* project, notwithstanding the ongoing effects of the pandemic, with the new doorway, entrance hall and Learning Studio all taking shape and the design for the forecourt progressing. Hidden details were uncovered as part of the construction process, including the reopening of boarded up windows and roof lights. The installation of the pedestrian bridge connecting the Gallery's new forecourt and North Façade entrance in January 2022 was a major project milestone. The redevelopment of the building is being documented with time-lapse cameras, and photographers and filmmakers have been preparing content to share closer to reopening.

Alongside the capital works, an overarching, coherent interpretive scheme is being developed, providing an integrated and more intuitive visitor experience and making the Collection more accessible and welcoming. Nissen Richards Studio, the appointed interpretation designers, have been working closely with Gallery teams on finalising plans for the rehang and interpretation of the Collection. Placing people at the heart of our plans to tell a richer story about British culture and history, the redisplay and reinterpretation of the Collection will encourage questioning and debate, highlighting stories once overlooked and allowing new perspectives to come to the fore.

Sharing the Collection across the UK

Two significant exhibition collaborations brought major parts of the Collection to audiences across the UK: *Bloomsbury: Life, Love, Legacy*, curated by York Art Gallery with Sheffield Museums in

partnership with the National Portrait Gallery and shown in Sheffield and York, and *Tudors: Passion, Power, Politics*, curated by the Holburne Museum, National Museums Liverpool and the National Portrait Gallery and shown in Bath.

The *COMING HOME* project continued to take portraits 'home' to venues where the sitter has a strong resonance. The portraits of Andy Murray and L.S. Lowry 'came home' to Wimbledon and the Lowry Centre, Salford respectively in 2021. March 2022 saw the first of three commissioned 'fortieth birthday portraits' of HRH The Duchess of Cambridge by Paolo Roversi on tour to St James the Less church in Pangbourne, which has welcomed generations of the Middleton family as parishioners.

Engaging with local communities

This year we ran an extensive programme of activities nationwide reaching new audiences locally, regionally and online, working with a range of partners across the country.

In *Citizen UK* we worked with local communities and artists to create public exhibitions and acquisitions through the projects *Tower Hamlets: Bangladesh 50 Years* and *Ealing Rises Up*. The *People Powered* partnership with Brent Museum & Archives, *From the ground up*, engaged young persons to tell the stories of people connected to Wembley Stadium and SSE Arena Wembley, and led to acquisitions including Alex Scott, Freddie Mercury, Marcus Rashford and Raheem Sterling. Through *Faces and Places*, we engaged with schools from seven London boroughs, delivering a range of schools workshops that combined local history, portrait making and visual literacy. These were led by National Portrait Gallery Educators onsite in schools and digital resources were produced for schools nationwide.

Launched in March 2022, *Creative Connections Coventry* celebrated Coventry UK City of Culture 2021, putting a spotlight on local heroes with works from the Gallery's Collection and the collection of the Herbert Art Gallery & Museum, including new acquisitions, such as portraits of comedian and actor Guz Khan and the band The Specials.

Connecting with audiences

Social media has continued to be one of the most important ways to communicate with UK and global followers. Gallery channels now reach over 1.69 million followers, a 6% increase over the past twelve months. The digital strategy focused on content and reach, encouraging deeper engagement with audiences across the globe through daily posts and online collaborations with artists. These included community artist collective Sketch Appeal who hosted our first Instagram Live sketching workshop, and Leeds-based artist Harry J Barlett, who transformed our portrait of Chevalier d'Éon for LGBTQ+ History Month, taking inspiration from the style of Boy George.

Trialling new technologies introduced powerful, innovative ways to connect with audiences and experience the Collection. In November 2021, a 'Living Portrait' of the nineteenth century boxer Jem Belcher was launched. Developed in collaboration with the Athena Art Foundation, Colnaghi Foundation and Megaverse, this innovative experience enabled viewers to 'hear' directly from the historical figure.

Partnerships and collaboration posts continued to introduce the Gallery to new audiences. During Black History Month we partnered with Black History Walks and the Black Cultural Archives, and throughout the year we connected with other national institutions to showcase diverse sitters who feature in our collections.

Developing the Collection

Thanks to the generosity of our funders and wider Gallery supporters, the inclusion of female sitters and artists in the Collection has been enhanced: drawings by Eileen Cooper RA were acquired with support from the William Brake Foundation; an early seventeenth century miniature portrait of Lucy Harington, Countess of Bedford by Isaac Oliver was purchased with support from Sir Harry Djanogly; and significant self-portraits by female artists including Chila Burman, Celia Paul and Everlyn

Nicodemus were acquired as part of the ongoing *Reframing Narratives: Women in Portraiture* project, supported by the CHANEL Culture Fund.

Other important acquisitions completed in 2021-22 further enhanced the Collection, including a painting of Sir Thomas Shakespeare (*Tom Shakespeare: Intellect, with Wheels*) by Lucy Jones, a painting of Sir Sydney Waterlow by Mark Gertler transferred to the Gallery from Ben Uri Gallery and Museum, and a miniature portrait of Asaf-ud-Daula, Nawab of Awadh by Ozias Humphry acquired with support from the Portrait Fund. The works will fill critical gaps in the Collection and will form a key part of the redisplay for *Inspiring People*.

Extending international reach

Despite significant changes to the movement of works and ongoing restrictions to international travel, the Gallery delivered an exceptionally strong international programme in 2021–22, comprising five international exhibition openings across the Netherlands, Australia, Korea and the U.S. Thanks to the commitment of partners and pioneering remote installation techniques developed by the Gallery in the previous year, some of the most celebrated portraits in the Collection were enjoyed by an estimated 130,000 visitors around the world – a significant achievement in a challenging year for museums across the globe. The exhibitions fostered strong cultural links with major international institutions, strengthening the Gallery’s reputation as an excellent institutional partner. Foreign language publications were launched to complement these tours.

Responding to the ongoing impact of the pandemic

As restrictions began to lift, remote working arrangements and appropriate health, hygiene and distancing measures remained in place, to keep our people safe and maintain the integrity of operations with a focus on the *Inspiring People* project. We would like to thank our staff for tirelessly working throughout this period, ensuring the Gallery continues to progress with *Inspiring People* and deliver its mission.

The Gallery is grateful for the emergency funding support of £1.75m (2020-21: £1.75m) provided by the DCMS to help mitigate the continued effects of the pandemic. As the Gallery remains closed and income is reduced, activity has continued to be reviewed and prioritised, and access to the Government’s Job Retention Scheme in the first half of the year in areas where operational requirements temporarily changed provided a lifeline for the Gallery.

As the world continues to emerge from the pandemic, the Gallery has a significant role to play in reinvigorating civic life and rebuilding confidence and trust by providing a space that encourages questioning and social interaction, and by developing a programme that aims to reach broader and more diverse audiences. The move to a digital-first model accelerated innovation and broadened the Gallery’s virtual national and international reach. Continuing to transform the museum experience and engaging and inspiring audiences by developing new ways of delivering access to the Collection and our programmes will remain at the heart of our strategy.

The long-term success of the Gallery is underpinned by a robust financial position. Income and expenditure streams during the redevelopment period will remain significantly different to normal operating conditions. To mitigate against future challenges and ensure that the Gallery is well positioned to deliver a world-class programme of activities from 2023, it is vital that the Gallery has sufficient reserves and, where possible, will make surpluses to add to the reserves position (see the Financial Review, page 32, for a breakdown of the Reserves). The Trustees reviewed and updated the Gallery’s Reserves Policy in July 2022.

Delivering on our strategic objectives

In the face of the ongoing effects of the Covid-19 pandemic, the Gallery continued to deliver its near-term commitments, marking significant progress on the *Inspiring People* project while delivering a substantial programme of activity, nationally and internationally, since April 2021. Thanks to the resilience and commitment of our staff, and the generosity of our funders and wider Gallery supporters, the Gallery was able to respond to the challenge, refocusing its priorities and managing these prudently in order to achieve a balanced position at year-end: a truly remarkable achievement.

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

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

Transforming the building

The Gallery continued to progress with the *Inspiring People* project in readiness for reopening in June 2023. Significant progress was made in 2021–22, with the new doorway, entrance hall and Learning Studio all taking shape and the design for the forecourt progressing well. The installation of the pedestrian bridge connecting the new forecourt and North Façade entrance in January 2021 was a key milestone. The construction programme is scheduled to complete from September 2022, when the reinstallation of the Collection and other fit-out activities are due to commence.

Alongside the capital works, we have begun to implement our new accommodation strategy in preparation for current staff returning to the office and the forthcoming increase in staff as part of the reopening plans, ensuring that the right structures and systems are in place to support the move to flexible working.

Developing an overarching, coherent interpretive scheme

Throughout the year, work has continued on the future Gallery displays and the development of an overarching, coherent interpretive scheme.

Nissen Richards Studio, the appointed interpretation designers, have been working closely with the Curatorial, Learning and Engagement and Digital teams to develop interpretation content in preparation for the Collection rehang in autumn 2022. The new displays will deliver a transformed visitor experience and encourage questioning and debate, allowing new perspectives and people to come to the fore and uncovering hidden gems of the Collection and stories once overlooked.

Putting audiences at the heart of future plans

Embedding the views of our audiences is key to the successful delivery of the *Inspiring People* project. As part of this, the programme continues to test concepts and principles proposed for the interpretative scheme with key priority audience groups, to ensure that it delivers an experience that is relevant for younger and more diverse audiences in its final design.

To encourage a more active representation of access requirements in the new galleries, an Access Consultant has been appointed to support the design and delivery of initiatives within the Interpretation Scheme and the Activity Plan, an extensive programme of nationwide activities supported by the National Lottery Heritage Fund, and accompanying resources. The Gallery has actively consulted with the Youth Forum as part of the plans for the new Learning Centre and the future of the Young People and Students programme, giving young people a central role in shaping its future and ensuring that their perspectives are fully represented.

Throughout the year the Gallery has been developing a new vision and brand through consultation with a wide range of stakeholders and research with both potential and existing audiences. The new vision and brand will be launched in 2023.

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.

Working in partnership

Working with a range of partners across the country, the Activity Plan continued to support new ways of understanding portraiture, exploring biography and storytelling, bringing the Gallery closer to communities across the UK.

Icons of Colour: Portraits of Brent's Change Makers, opened at Brent Museum and Archives in December 2021. The exhibition explored the stories of inspirational people of colour connected to the London Borough of Brent, including eleven portraits from the Gallery's Collection, new portraits acquired for Brent Museum and Archives and creative content developed during Brent 2020 (Borough of Culture). The exhibition featured the new portrait of author Zadie Smith, by Toyin Ojih Odutola, commissioned by the National Portrait Gallery.

Creative Connections is an ambitious co-creation programme connecting young people with contemporary artists to create new art that explores people and places. It was launched in 2021 in partnership with the Herbert Art Gallery in Coventry, Sheffield Museums Trust, Newlyn Art Gallery and The Exchange in Cornwall, and Southampton City Art Gallery. Despite challenges posed by the pandemic, the artists delivered face to face art workshops in schools and worked with students to create collaborative responses for exhibition and advise the Gallery on new acquisitions with local relevance. Recently acquired works, selected by the artists and young people and funded through the project, include a platinum palladium print of Gluck by EO Hoppe, Simon Fujiwara by Sebastian Kim, Taiwo Owatemi by Charlotte Hadden, Zarah Sultana by Charlotte Hadden, Guz Khan by Rankin, The Specials by Janette Beckman, Magid Magid by Chris Saunders, Self Esteem by Karina Lax, Otis Mensah by Raluca de Soleil, Selector by Janette Beckman and Vanley Burke by Pogus Cesar.

Engaging the wider community in the art of portrait making

The *Citizen UK* programme delivered a range of partnership projects exploring lived migratory experiences through the lens of portraiture. *Bangladesh 50*, the Gallery's partnership with Tower Hamlets Local History Library & Archive, led to a large-scale public art commission, devised by artist Ruhul Abdin with local residents. The work will remain *in situ* at the Idea Store, Whitechapel, for the longer term. *Ealing Rises Up*, the Gallery's partnership with Ealing Archives, brought on board twenty local Citizen Researchers and artists Narvir Singh and Asia Ahmed. The project led to the creation of four films focusing on the history of activism in the borough and an outdoor public display at Gunnersbury Park Museum, which included associated portraits from the Collection and the research produced by Citizen Researchers.

A range of local projects were delivered through the *People Powered* programme, which explores manufacturing and industrial heritage through the Collection and partner collections and archives. *From the ground up*, an exhibition developed in partnership with Brent Museum and Archives looking at people connected to Wembley Stadium, reached more than 3,000 visitors. The show was supplemented by a primary schools programme and an associated 'loans box' accessible by children offsite. The partnership with the University of West London, focusing on the Heathrow Archive and people connected to Heathrow Airport, led to a partnership with the National Saturday Clubs network in West London to deliver a range of workshops exploring poetry, photography and filmmaking.

Broadening international reach

The Gallery continued to deliver a strong international programme in 2021–22. Thanks to the virtual remote installation processes pioneered the previous year by the Gallery, *Icons and Identities* was able to premiere at the National Museum of Korea in Seoul in April 2021. Two further exhibition openings followed, in the Netherlands and Australia, while the Gallery's international touring exhibition, *Tudors to Windsors*, opened at the National Maritime Museum in London in May 2021 and *Love Stories* premiered at the Worcester Art Museum in the USA in November 2021.

The exhibitions received a total of nearly 130,000 visitors. While visitor numbers were greatly reduced due to either local restrictions on numbers, lockdowns or a cautious public, the exhibitions attracted positive press and visitor feedback, with *Icons and Identities* at the National Museum of Korea – the Gallery's first ever loan to Korea – being the institution's highest-rated special exhibition by visitors ever. The conditions of the pandemic fostered a particularly close working relationship with all the museum partners, strengthening the Gallery's reputation as an excellent institutional partner.

Supporting skills sharing and expertise

Membership of the Understanding British Portraits network continued to grow in 2021–22. With support from the Art Fund, the network appointed two external Fellows and a specialist mentor to focus on decolonial activity within the collections of Leeds Art Gallery and National Museums Liverpool. Three online members' events were held in the year. In collaboration with the British Art Network and the European Paintings pre-1900 Subject Specialist Network, Understanding British Portraits hosted a series of events in April 2021 entitled *Museum Collections on Prescription: Health, Wellbeing and Inclusivity*; in October 2021, it held its first online Annual Seminar, including a live Q&A between speakers and the membership; and in collaboration with the Crime & Punishment Collections Network, it produced the online session *Portraits of crime? The ethics of displaying real lives and people* in December 2021. The network applied successfully for funding from Arts Council England for continued support in the period 2022–24.

The National Skills Sharing Partnership programme, an important part of the Activity Plan, delivered a dynamic programme of activities during 2021–22 in partnership with twelve museums and galleries across the UK, involving exchanges, mentoring, seminars, exhibitions and displays. Over the course of the year, Nottingham Castle and The Box in Plymouth both borrowed works from the Collection for display, with The Box also producing a film focusing on how loans into a permanent exhibition can enhance displays and draw out new stories. Twenty-eight staff from across the network took part in the mentoring strand of the programme, with over half of the twenty-four placements offered beginning during the year and peer-to-peer exchange opportunities being further explored, with a view to delivery in 2022. A third of the programme interns were appointed in late 2021, with more opportunities being advertised at year end. The Box and the Watts Gallery led online seminars on lessons learned from engaging on a large capital project and sustainability, respectively, while the skills-sharing films programme was launched with a film series being developed for dissemination to the sector as a whole.

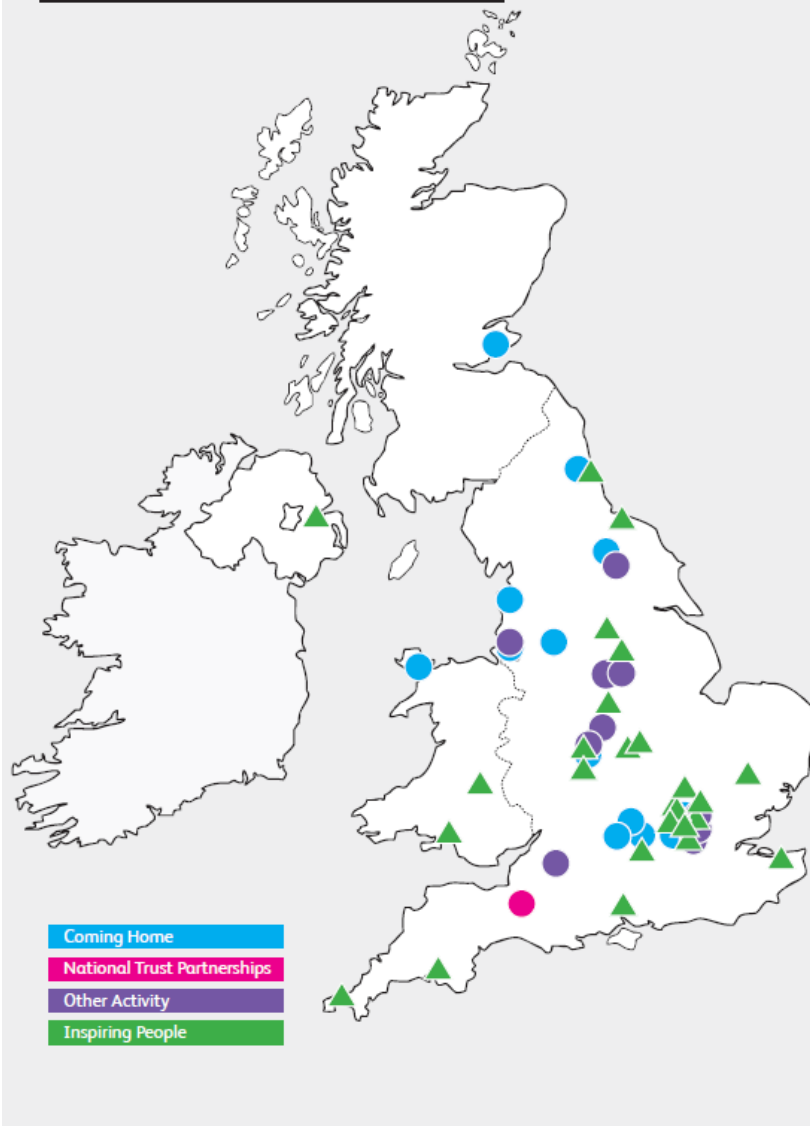
Pioneering research into portraiture

Through its holdings and staff expertise the National Portrait Gallery is the foremost centre for the study of and research into portraiture. The Gallery continued to play an active role within the consortium of Independent Research Organisations and Collaborative Doctoral Partnerships consortium. Research projects this year included *Practical applications of IIF as a building block towards a digital National Collection*, in collaboration with the National Gallery, the British Library and the University of Edinburgh, as part of the UKRI-funded Towards a National Collection project; and conservation and interpretation of the Gallery's Freud Archive, funded by the The Paper Project, a grant programme run by the Getty Foundation.

The Gallery's cohort of doctoral students continued to grow, with two projects beginning in October 2021: a collaboration with Birmingham University funded through the Midlands4Cities consortium,

and a collaboration with the National Trust and Newcastle University funded through the REACH CDP consortium, in which the Gallery partnered with the British Film Institute, Historic Royal Palaces, the National Trust and Royal Museums Greenwich.

National Programmes Activity 2020–2024



National Programmes Activity 2020–2024

COMING HOME Project

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

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

Paul Robeson
Reading Museum
20 October 2020–30 January 2021

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

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

Jem Wharton
Museum of Liverpool
18 May 21–9 January 21

Andy Murray
Wimbledon Museum
12 August–12 December 2021

Richard III
Yorkshire Museum
9 July–31 October 2021

L.S. Lowry
The Lowry, Salford
22 May 2021–1 September 2022

Catherine, Duchess of Cambridge
St James the Less Church, Pangbourne
22 March–5 April 2022

Catherine, Duchess of Cambridge
Reading Museum
7 April–4 June 2022

Catherine, Duchess of Cambridge
Wardlaw Museum, University of St Andrews
13 June–30 September 2022

Catherine, Duchess of Cambridge
Oriell Man, Anglesey
16 July–2 October 2022

NATIONAL TRUST PARTNERSHIP
Montacute House, Somerset
(ongoing)

OTHER ACTIVITY

The Mercers' Company
1 November 2020–1 February 2023

National Gallery
Ongoing from 2020

HOLD STILL
Digital project with regional presence
2020–21 - profile for NPG

Cecil Beaton

Sheffield
20 May–4 July 2021

Tudors to Windsors
Royal Museums Greenwich,
National Maritime Museum
28 May–31 October 2021

The Tudors: Passion, Power and Politics
Holburne Museum, Bath
28 January–8 May 2022

Walker Art Gallery, Liverpool
20 May–29 August 2022

**Beyond Bloomsbury:
Life, Love and Legacy**
Sheffield Millennium Galleries
25 November 2021–13 February 2022

York Art Gallery
4 March–5 June 2022

**Birmingham Commonwealth Games
and Festival 2022**
Birmingham

INSPIRING PEOPLE Project

Citizen UK
Tower Hamlets Local History Library
& Archives
2 September 2021–December 2022

Ealing Local History centre
Nov 2021

Wolverhampton Arts & Culture
March 2023

Museum of Croydon
April 2023

Icons of Colour
Brent Museum
School outreach programme
13 December 2021–20 February 2022

People Powered
Brent Museum
6 September 2021–3 December 2021

University of West London
18 July–30 November 2022

University of Hertfordshire
Elstree Screen Academy
29 June–August 2022

Redbridge Museum
December 2022

MIMA, Teesside
June 2023

National Skills Sharing Programme

The Box, Plymouth
21 September 2021–6 March 2022

Gainsborough's House, Sudbury
September 22 (tbc) – February 23

Nottingham Castle
5 March 2022–12 June 2022

Derby Museums
10 March 2023–5 June 2023

Watts Gallery, Guiford
26 September 2022–24 March 2023

Hay Castle Trust
23 May 2022–31 July 2022

Compton Verney
28 May–4 September 2022

The Laing, Newcastle
June–August 2022

The Beane, Canterbury
19 November 2022–29 January 2023

Glynn Vivian Art Gallery, Swansea
14 October 2022–January 2023

Northampton
11 March–4 June 2023

Ulster Museum
Fashion Photography Exhibition
5 May–10 September 2023

Creative Connections
Herbert Art Gallery Coventry
Friday 4 March–Monday 30 May 2022

Museums Sheffield
Thursday 30 June–Sunday 2 October
2022

Newlyn Art Gallery
Cornwall
Sat 18 June–Sat 17 September 2022

Southampton City Art Gallery
May–Aug/Sept 2023 (tbc)

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

Encouraging sustained audience growth

Schools and Families programme

Through *Faces and Places* the Gallery continued to engage with primary, secondary and special schools in seven London boroughs (Brent, Lambeth, Westminster, Haringey, Lewisham, Waltham Forest, and Barking and Dagenham) delivering a rich programme of events, digital resources, teacher CPD and workshops. Resource boxes were designed and produced for all seven London boroughs, containing portraits of ten significant people associated with that locality, as well as exhibition tools and activities to enable students to actively explore artists and artworks, expand their knowledge of local history through the Gallery's Collection and be inspired to create their own artistic response.

Visible / Invisible brought together the National Portrait Gallery, The Line and London College of Fashion in a substantive collaboration to explore themes of identity and representation in the digital and public realms. In summer 2022, over 180 Year 9 and 10 students from four east London secondary schools worked with practising artists to create photographic portraits and respond to the theme of 'Visible / Invisible'. For many of the students, this was the first opportunity in over a year to work directly with guest artists and teachers. Together with the project partners, the Gallery contributed to the Youth Guides' training scheme, aiming to build young people's skills and employability. A film documenting the *Visible / Invisible* project premiered at the Foundation for Future London's showcase at Stratford Theatre and is available to view on the Gallery website.

Young People's programme

Engaging with young people is at the heart of the *Inspiring People* project and the Gallery continued to deliver its Young People's programme throughout 2021–22. Monthly Youth Forum meetings took place online, with topics including a writing workshop to support reflection and expression led by the Young People's Laureate for London. Poetry written by the Youth Forum was shared across @NPGYouth social media in recognition of Mental Health Awareness Week. To mark Kids in Museums' Digital Takeover Day, the Youth Forum 'took over' the Gallery's Instagram account, @NationalPortraitGallery, and to celebrate Black History Month, Youth Forum were asked to select key contemporary sporting figures from the Collection who inspire them and highlight the impact and achievements of black British sportspeople in a set of posts on @NPGYouth.

A new exclusive monthly Youth Forum newsletter was established in 2021 following a new Youth Forum member suggestion, providing members an opportunity to talk about their interests and share their passions and highlighting creative opportunities and portrait exhibitions across the UK. A recruitment drive to invite new young members to join the Youth Forum ran in late 2021 to early 2022 with great success. The model will be reviewed prior to the reopening, to explore how we might engage young people across the country, maximising opportunities for digital engagement enabled through the new Learning Centre.

Hospitals Programme

The second year of the four-year project *Champions of the World*, funded by Delancey, has seen exciting design work to create new activity packs, a printed activity book and digital assets. Illustrator Danni Mustapha brought twelve diverse sitters to life for the fourth activity book to be launched in summer 2022. Focussing on the life stories of entertainers and sporting legends, activities encouraged drawing, design and play.

Alongside digital resources, forty workshops were delivered by the experienced artist team. Due to continued social distancing measures for the clinically vulnerable as a result of Covid-19, hybrid delivery has become the norm. Face-to-face workshops have returned in psychiatric units only,

with other sessions being delivered remotely via digital platforms. To add an extra layer of support for our colleagues in hospitals, we produced a set of seven new activity packs. During the year, 140 of these were sent out, enabling children and young people to complete activities independently in their beds if staff were unable to facilitate sessions.

*Work on **Picturing History**, the Gallery's new flagship digital learning resource hub for schools, kicked off in August 2021. The new hub, launching in 2023, will include a range of specially commissioned resources including teaching guides, lesson plans and films. These will frame the Collection with curriculum-relevant content and effective teaching and learning ideas. The project began with an intense front-end research and development phase, now complete, to help us build a strong understanding of what teachers and schools need. An external designer was commissioned to scope all technical aspects for Picturing History, including developing wireframe and prototype designs to test navigation and functionality with teachers. At the same time, we carried out a significant piece of curriculum mapping work, to help identify where our Collection can best support schools and learning. A shortlist of learning resource topics is now being tested with teachers, and we have also made considerable progress in selecting portraits to include in Picturing History. Across this work, we are looking to maximise the connections with the redisplay of the Collection and the narratives to be explored to support both History and Art at primary and secondary levels. This will link with the redesigned on-site schools programme and inform options for ways in which a hybrid digital learning experience for schools can be delivered, supporting our ambitions for national reach in our future schools provision.*

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

Acquisitions

Developing our Collection is essential to the Gallery's mission. A strategic decision was made to introduce exceptional circumstances criteria for acquisitions during the temporary closure period, to focus resources on *Inspiring People*. The works selected fill critical gaps in the Collection and will form a core part of the redisplay for *Inspiring People*. Please see note 11 for more detail on works acquired in 2021-22.

Increasing the representation of women in the Collection is a key aim of the ongoing *Reframing Narratives: Women in Portraiture* project supported by the CHANEL Culture Fund. This partnership has enabled the acquisition of significant self-portraits by female artists including Chila Burman, Celia Paul and Everlyn Nicodemus. The inclusion of female sitters and artists has been enhanced by the drawings by Eileen Cooper RA acquired with support from the William Brake Foundation, and an early seventeenth century miniature portrait of Lucy Harington, Countess of Bedford by Isaac Oliver, purchased with support from Sir Harry Djanogly. The Portrait Fund generously supported the acquisition of a miniature portrait of Asaf-ud-Daula, Nawab of Awadh by Ozias Humphry, which records a fascinating encounter between Indian and British culture in the late eighteenth century, and is part of the Gallery's broader ambition to amplify diversity and inclusion as part of *Inspiring People*.

Thanks to the generosity of donors, the Gallery also received a number of important gifts this year. Highlights include a woodcut sculpture of Dame Jacqueline Wilson donated by the artist Guy Reid, and a painting of Sir Thomas Shakespeare ('Tom Shakespeare: Intellect, with Wheels') by Lucy Jones, presented by the artist and Flowers Gallery. A painting of Sir Sydney Waterlow by Mark Gertler was transferred to the Gallery from Ben Uri Gallery and Museum, augmenting the Gallery's holding of Gertler portraits and works associated with the Bloomsbury Group.

The Photographs Collection

Primary Collection acquisitions included portraits of Constance and Oscar Wilde, purchased as a pair with support from the Portrait Fund. Reference Collection purchases included activist and singer songwriter Anohni by Inez and Vinoodh; an important early daguerreotype by Claudet Studios of an unknown man (possibly Nicolaas Henneman); Vinca Petersen's *River Conversation*; actor Earl Cameron by Val Wilmer, and aviation pioneer Dame Mary Bailey by E.O. Hoppe.

The majority of Reference Collection acquisitions were made as generous gifts. The most significant of these included three portraits of HRH The Duchess of Cambridge taken on the occasion of her fortieth birthday by Paolo Roversi, donated by the artist; Captain Sir Tom Moore by Alastair McLellan, given by the artist; Celia Paul by Bruce Bernard, given by the estate of Bruce Bernard; and editor and activist Celestine Edwards by William Harry Horlington, given by Terence Pepper.

A significant Reference Collection acquisition was the final 100 *Hold Still* images, acquired as a digital archive and gifted by each of the selected photographers. Photographs were also acquired for the Reference Collection as part of the Activity Plan projects *People Powered*, *Citizen UK* and *Creative Connections* including Freddie Mercury by Neal Preston, given by the Lightpower collection; Marcus Rashford and Adwoa Aboah by Misan Harriman, given by the artist; and purchases including Farrukh Dhondy by Neil Kenlock, Alex Scott by Nina Manandhar, Gluck by E.O. Hoppe and Guz Khan by Rankin.

Caring for and cataloguing the Collection

The main focus this year was preparing for the upcoming reinstallation of the national Collection from autumn 2022. Planning for this major project, involving the redisplay of over 1,000 works across forty rooms alongside temporary exhibitions, is led by the Reinstallation Delivery Group. Reinstallation documentation has been a vital focus, with detailed room hang lists, new gallery locations and display plans all uploaded onto the Gallery's collections management system by the end of 2021–22.

A key milestone this year was the completion of an extensive survey of objects for the rehang, with the condition, transport and installation requirements of every work assessed to ensure they are given the best care when being moved. Significant Conservation projects for *Inspiring People* also got underway, including treatments of the Tudor panel painting of Katherine Parr, and portrait of James I of England and VI of Scotland by Daniel Mytens. An important project for the Frame Conservation team was fabricating a copy of a carved and gilded 'Southall' frame for the portrait of Joseph and Anna Elizabeth Southall, incorporating traditional construction techniques and materials.

The Collections Services team continued to support the unique opportunity to prepare more works for national and international loan that would otherwise have been on display at the Gallery. There has not been capacity within Photographs to address the catalogue backlog in the Photographs collection this year – for both prints and negatives. The priority for 2021–22 has been to ensure all new acquisitions have been accessioned at the time they are accepted into the Collection. This target has been maintained.

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

The move to digital as the Gallery's prime communication channel for actively engaging with virtual audiences continued to accelerate in 2021–22.

Delivering online content

In 2021–22 the Gallery's website reached 3.7 million users, accounting for 4.6 million sessions, with 60% of visits to view the Collection online. Over 160,000 digitised images are now available on the website, 2,000 of which have been added in the past year. Ensuring that the site works for audiences has been a key focus: audience research was undertaken with digital analytics company One Further and these findings are feeding into redevelopment of key areas of the website in 2022. Accessibility and cookie compliance were also a priority to ensure we provide a safe and accessible environment for online visitors.

Digitisation of the Collection continued alongside the preparations for the rehang, with over 3,000 new images captured this year, including recent work undertaken to digitise sculptures in 360 degrees and scanning of 242 images from the Madame Yevonde archive, supported by the CHANEL Culture Fund. Digital innovation continued to inform our approach to creating immersive experiences and in November 2021, we launched a Living Portrait of Jem Belcher. Developed in collaboration with the Athena Art Foundation, Colnaghi Foundation and Megaverse, this ground-breaking experience enabled viewers to 'hear' directly from the nineteenth century boxer. We also partnered with Heart of London Alliance's Augmented Gallery AR trail across the West End, giving us another opportunity to test new technologies and share the Collection outdoors during closure.

Social media has continued to be an important way to communicate with UK and global followers. Gallery channels now reach over 1.7 million followers, a 6% increase over the past twelve months. As well as daily posts and updates, a wide variety of engaging content was produced throughout the year. On Instagram, we have created reels in collaboration with artists, showcasing different perspectives and new voices. We commissioned a fashion series with influencers Jamie Windust (our most watched reel with 366k plays), Lauren-Nicole and Karen Williams, who each modelled themselves into works from the Collection; worked with community artist collective Sketch Appeal to host our first Instagram Live sketching workshop; and in LGBTQ+ History Month created a reel with Leeds-based artist Harry J Barlett, who transformed our portrait of Chevalier d'Éon, taking inspiration from the style of Boy George.

Partnerships and collaboration posts have introduced the Gallery to new audiences. In Black History Month we partnered with Black History Walks and the Black Cultural Archives; in LGBTQ+ History Month, we worked with the National Youth Theatre, whose members created original poetry inspired by some of our portraits; and throughout the year we connected with other institutions including the British Library, The Beaney and the V&A, to showcase sitters who feature in our respective Collections.

Communicating our impact

In 2021–22, the Communications team have been working to document progress and share updates on the *Inspiring People* project with our audiences. Towards the end of the year new hoardings were erected around the construction site, which provide information about the project and our national and local partnerships. The hoardings have created an outdoor street gallery for passers-by, sharing our portraits with QR codes to encourage people to visit our website or buy a print.

The team have continued to promote the Activity Plan projects, including coverage of the new portrait of Zadie Smith displayed in Brent in the *Guardian*, the *Telegraph* and BBC Radio 2; the *Citizen UK* project in Tower Hamlets featuring in local east London and Bangladeshi press; and *People Powered* receiving west London news coverage. Significant promotional activity also took place to publicise our national programme. Highlights included the *COMING HOME* loan of Andy Murray by Maggi Hambling to the Wimbledon Lawn Tennis Museum featured in the *Daily Mail* during the Championships, and *The Tudors* and *Beyond Bloomsbury*, in Liverpool, Bath, Sheffield and York, which produced significant regional coverage. The Communications team implemented a multi-channel promotional campaign for the *Taylor Wessing Photographic Portrait Prize 2021* at Cromwell Place. Significant coverage for the exhibition was achieved in a range of publications while digital

content included footage of David Prichard finding out he had won, three photographer and sitter interview films and a discussion with one of the judges, Misan Harriman.

The Nation's Family Album: The Gallery partnered with the family history website Ancestry in 2021, adding over 125,000 Collection images to their website, sharing them with their three million global subscribers. To celebrate, Ancestry launched The Nation's Family Album initiative in February 2022, inviting the public to share their own family images and stories. This announcement gained interest from BBC Radio 4's Woman's Hour, the Daily Telegraph, Metro and Time Out. Within the first week there had been over 200,000 views of our works on Ancestry, and since launch we have seen a 5% increase in traffic referrals from their site.

Following the launch of *Reframing Narratives: Women in Portraiture* in March 2021, we have continued to work closely with the CHANEL Culture Fund to promote acquisitions made as part of the project. To coincide with Women's History Month in 2022, we secured an exclusive piece in the *Guardian*, who interviewed the CHANEL Curator, Dr Flavia Frigeri, about our newly acquired self-portraits by female artists. The team also worked with Westminster Council to profile inspirational women, producing an outdoor display of ten portraits on Villiers Street, near Embankment station.

Marking one year from the start of the *Hold Still* project in 2020, *Hold Still: A Portrait of Our Nation in 2020* was published in May 2021. The launch included a visit by HRH The Duchess of Cambridge to the Heinz Archive & Library to mark the final 100 portraits becoming part of the permanent Collection. It generated extensive press, broadcast and social media coverage, as well as a viral 'Book Fairies' campaign, which saw The Duchess and many of the *Hold Still* entrants hide books in places that were special to them across the UK. The book reached number one on the *Sunday Times* Bestsellers List. In 2021, *Hold Still* won Best Use of Digital at the Museums and Heritage Awards and was nominated for the prestigious Southbank Sky Arts Award in the Visual Arts category. In January 2022, the Gallery announced the acquisition of three new portraits of The Duchess by Paolo Roversi to mark Her Royal Highness' fortieth birthday, this produced global coverage and generated 30,000 new followers for our Instagram channel.

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

Ensuring robust financial planning

The ongoing effects of the pandemic continued to present significant challenges, but the Gallery adapted to new ways of working, stewarding and building relationships with donors in order to ensure they remain engaged with our work. Operational costs were cut as much as possible in 2021–22 to match our income and activity in some areas whilst maintaining the level of resources needed to deliver the *Inspiring People* project and be well placed to reopen a world-class museum to the public in 2023. The project has a comprehensive fundraising strategy in place through which it has been able to secure a number of additional high-value pledges during the year.

Securing public and private sector support

The Gallery is grateful for the generosity of all its supporters who play a key part in its success. We remain especially extremely grateful to those new and loyal supporters who have contributed to the Gallery whilst we are closed. As we approach the final stages of *Inspiring People*, donations can make a transformative impact on our future.

Individual Support (Major Donors, Patrons, Director's Circle)

Individual donors have made significant contributions to support exhibitions, acquisitions and commissions as well as the *Inspiring People* project. We were grateful to receive further generous donations to *Inspiring People* from the Deborah Loeb Brice Foundation.

Patrons have continued to renew, and the Gallery welcomed two new Life Patrons in 2021–22. The ongoing effects of the pandemic and the Gallery’s closure have continued to affect new Patron acquisition, however the team continue to prospect and cultivate potential new Patrons in advance of the Gallery’s reopening. We were delighted that the Patrons’ Events Programme was able to return to in-person events in the summer. Highlights included a visit to see our works on loan to the National Gallery, led by Chief Curator Dr Alison Smith; a talk on George III by former Trustee Dr Andrew Roberts with Dr Lucy Peltz, Head of Collections Displays (Tudor to Regency); a Patrons Preview of the *Taylor Wessing Photographic Portrait Prize 2021*; and a breakfast salon with CHANEL Curator for the Collection Dr Flavia Frigeri and writer Julie Summers on Audrey Withers. Unfortunately, due to Covid-19 and the government’s ‘Plan B’ restrictions, certain events had to be postponed. In addition, a Special Events Programme for higher-level supporters and prospects proved successful, with a private visit to the home of collector Katrin Henkel and two further literary salons exploring research from the *Reframing Narratives: Women in Portraiture* project, supported by CHANEL and generously hosted by Fortnum and Mason.

Membership

Membership stood at 9,845 at the end of March 2022, with an overall retention rate of 79% (75% in 2020-21). Despite the Gallery’s temporary closure, the total number of members has increased by 171 and the retention rate has increased by 4% since the end of March 2021. New-member acquisition continues to be affected, however the income generated has exceeded the initial target set for the year, which is a great achievement. Members have responded warmly to a virtual events programme and online benefits offering, opening new opportunities to connect with our membership base outside London and internationally.

Statutory Funders, Trusts and Foundations

Vital support was received from statutory funders and charitable trusts and foundations. In autumn 2021, Arts Council England awarded £99,610 to support Understanding British Portraits Subject Specialist Network activities from December 2021 until November 2024. The Gallery’s major National Lottery Heritage Fund grant towards *Inspiring People* has been transformative across the project, and an award from the Art Fund specifically supported the Activity Plan. Major trust and foundation gifts drawn down for the project in this period included generous contributions from Garfield Weston Foundation, Wolfson Foundation, Foyle Foundation and Clore Duffield Foundation. This has ensured essential progress, as have a number of gifts from smaller grant-makers. Trusts and foundations have also supported curatorial development, conservation, digital interpretation and learning activities, including a major grant from the Getty Foundation towards the Lucian Freud Archive’s conservation and display.

Legacies

Throughout this period, the Development team provided support to people who have enquired about making a gift in their will, and ensured that more supporters had the opportunity to consider this form of support. We were very grateful to receive a legacy gift from Mark Armitage, a loyal Gallery supporter and Life Patron.

Corporate Support

Over the course of 2021–22, focus has been on partnership delivery for Taylor Wessing on the *Taylor Wessing Photographic Portrait Prize* with the exhibition taking place at Cromwell Place. We further established the partnership, *Reframing Narratives: Women in Portraiture*, with CHANEL, which launched successfully in March 2021. Building on their support of our existing partnership, CHANEL has pledged to support one of the Gallery’s reopening exhibitions. The Gallery have renewed its partnership with Herbert Smith-Freehills and successfully implemented a contract that will see them become the Gallery’s Reopening Partner in 2023.

Maximising commercial opportunities

Publishing

The team published a book to accompany the *Hold Still* project on 7 May 2021. The book was number one in the *Sunday Times* non-fiction best seller list for several weeks over the summer and in addition was a key driver for ecommerce sales with over 7,000 copies sold through the Gallery website. The book also won the best publication at the Association for Cultural Enterprises Awards in March 2022. In addition, the Gallery published *The Tudors* to support the tour of the Tudor collection to the Holburne Museum, Bath and Walker Art Gallery, Liverpool, *Inspirational Women* to accompany the *Reframing Narratives: Women in Portraiture* project, and *Elizabeth II: Princess, Queen, Icon* to celebrate the Platinum Jubilee in 2022. Other projects included the *Taylor Wessing Photographic Portrait Prize 2021* and a reprint of *The Bloomsbury Group*. Publishing also supported international tours with Korean and Dutch versions of *Icons & Identities*.

Rights & Images

Picture Library sales and brand licensing have recovered significantly on the previous financial year. The Picture Library team have been developing the online licensing portal further to improve functionality, tagging and SEO. Brand licensing continues to be affected by the aftereffects of the pandemic, but we have produced interesting projects such as a jewellery range inspired by the fabrics of the Tudor collection.

Retail

Sales from the online shop were significantly up on the last financial year despite the Gallery being closed to the public (please see Note 22, page 99, for detail). This was driven by the *Hold Still* publication but also our print-on-demand offer of over 138,000 images now available for sale. We also developed a print-on-demand offer for greetings cards and t-shirts as a sustainable approach to retail. In addition, we saw strong sales of cards, textiles and jewellery in the run up to Christmas, including a new range with designer Cressida Bell. We also integrated donations into the shop checkout process to support the public *Inspiring People* fundraising campaign.

The National Portrait Gallery Company Limited

From April 2021, Publishing and Rights & Images became part of the Trading Company. Catering and Events Hire are not taking place during the closure of the Gallery for the *Inspiring People* project. The Trading Company made a surplus of £143,244 (2020-21: loss £31,111) and is budgeting a small loss in 2022–23 due to the need to introduce staff to prepare for reopening.

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

Putting people at the heart of what we do

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

In response to the pandemic, we have developed a hybrid working model which is being trialled from 1 April 2022. Where possible, employees have been given the opportunity to work flexibly to support both the operational needs of the Gallery and their individual health and wellbeing. The Gallery is truly committed to adapting to these new ways of working and plans to move to this model on a permanent basis following a six-month trial and assessment. Hybrid working is an important part of the Gallery's accommodation strategy, developed in the context of the *Inspiring People* project and

the decision to reopen the East Wing to the public, converting office space into galleries and social spaces.

Pulse Surveys were conducted in October 2021 (47% response rate) and February 2022 (58% response rate) and, although the response rates have fallen during the last year, they continue to provide valuable feedback and insights into the thoughts and wellbeing of our workforce. The HR team, the Internal Communications Group, created in response to the first engagement survey in 2021, and the Director's Group will continue to focus on ways to increase employee engagement with the quarterly surveys.

In the new hybrid working environment, the Gallery's intranet is critical as a source of information and updates for all colleagues on subjects from our response to the pandemic and Covid-secure working arrangements to general organisational information and updates on the *Inspiring People* project. Regular all-staff briefings continue to take place at Monday Morning Meetings; these have covered a range of topics, from the future exhibitions programme through to the progress of building work.

The Gallery continues its commitment to holistic employee support through a number of additional initiatives, including:

- A monthly HR Newsletter updating colleagues about benefits, new starters and leavers, events, news and training courses.
- A Picture of Health events – providing a wide range of virtual workshops and webinars including stress management, posture, health checks, yoga, mindfulness, financial workshops and free massages for those who were in the office.
- Virtual watercooler events giving colleagues an opportunity to chat about work and catch up with colleagues they may not see while working remotely.

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

Investing in developing a diverse workforce and progression routes

During the last year we rolled out a number of courses for colleagues via our e-learning system, SkillGate. Many employees took advantage of non-mandatory courses during this year over a variety of different subjects. We were also delighted to support two employees who passed their ILM and CIPD apprenticeships in 2021 and continue to support a further employee who commenced their ILM Level 3 qualification in May 2021. We will be promoting apprenticeship schemes in the 2022-23 year to encourage more employees to take up this great opportunity for personal and career development.

The Gallery relaunched the Volunteering programme in autumn 2021 with a mostly remote offer, allowing us to engage volunteers nationally. During 2021-22 volunteers donated 1,881.5 hours in a range of roles across the Gallery that bring added value to the Gallery's day to day work. Opportunities include ongoing behind-the-scenes roles based in Collections, Interpretation, Digital, Social Media, Exhibitions, the Archive and HR, as well as short-term roles that provide added value to specific projects, such as the Hospitals Programme, Citizen UK or People Powered. In early 2022 we launched the Gallery's first outreach volunteer role, with a team of committed Schools Volunteers supporting workshops in schools all around London. The refreshed approach has proven to be successful for the retention and motivation of volunteers. Plans to expand the Gallery ambition for volunteering upon reopening are underway, with special attention to the development of a rich visitor-engagement offer.

The Work Experience programme, delivered in partnership with social mobility charity Speakers for Schools, has temporarily transformed into a series of online careers insight days for students aged 14–19 based across the UK.

We have continued to develop our approach towards equality, diversity and inclusion in consultation with our Equality, Diversity and Inclusion Steering Group which plays an important role in helping the National Portrait Gallery achieve its objectives.

A range of additional initiatives were undertaken in 2021–22 with a view to embedding diversity and inclusion into the Gallery’s recruitment strategy:

- A review of the recruitment process has been completed with a view to increase inclusivity by attracting a wider diversity of applicants, improving the objectivity of the selection process and regular feedback and monitoring.
- The Gallery successfully renewed its Disability Confident Scheme accreditation in 2021 and commits to interviewing disabled applicants who meet minimum requirements.
- Mandatory Unconscious Bias training provided to all staff in 2021 has encouraged colleagues to reflect on their recruitment decisions and identify where barriers to entry may occur.

As the Gallery works towards reopening in 2023, we see a number of challenges for us and across the sector overall. Salary is an ongoing and current issue, with the pay freezes over the last twelve months and a huge increase of the cost of living across the country. The pandemic has also created a candidates market which means that the Gallery is struggling to attract candidates due to salaries and fierce competition both inside and outside of the sector. We continue to strive to find the best candidates for the roles. The relationship with all trade unions is strong and will continue to communicate and work with them on the pay award.

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

Composition of the Gallery’s workforce (as at 31 March 2022)

	2018–19	2019–20	2020–21	2021–22
HEADCOUNT	284	265	143	150
FTE	236.32	218.54	127.23	137.73
DIVERSITY				
White	83.5%	80.7%	83.2%	82.0%
Other than White	11.0%	13.9%	11.9%	12.0%
Did not wish to provide	5.5%	5.4%	4.9%	6.0%
GENDER*				
Male	29.7%	27.9%	26.6%	24.7%
Female	70.3%	71.7%	73.4%	75.3%
STATUS				
Part-time	35.5%	37.4%	32.9%	26.0%
Full-time	64.5%	62.6%	67.1%	74.0%
DISABILITY				
Yes	2.2%	1.9%	2.0%	2.7%
No	97.8%	98.1%	98.0%	97.3%

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

Future Developments

***Inspiring People* project**

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

The capital works will deliver:

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

Construction is scheduled to complete in autumn 2022 and the Gallery is due to reopen in 2023. A key priority in 2022-23 will be to ensure that the building work keeps to time and budget and that key project risks are effectively managed.

The Activity Plan will deliver:

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

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

Enhancing access to the Collection

Throughout 2021–22 the Gallery has continued to work closely with Nissen Richards Studio, the appointed interpretation designers, on the rehang. Thinking will be further informed by an extensive consultation programme. Placing people at the heart of our plans to tell a richer story about British culture and history, the redisplay and reinterpretation of the Collection will encourage questioning and debate, highlighting stories once overlooked and allowing new perspectives to come to the fore.

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

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

Planning for the relaunch

Projects outside of the defined scope of the *Inspiring People* project which are essential for reopening are now in 'operational readiness', including refreshing the Gallery's Vision and Values, and reviewing Front of House operations and our strategies in relation to ticketing, marketing and communications, digital, equality, diversity and inclusion, operations and engineering.

Working with an agency and in consultation with staff and stakeholders, we have updated the Gallery's Vision and Values to support a refresh of the brand. The new Vision and Values reflect our founding principles and build upon the strong foundations of the past whilst defining and articulating a new vision for the future. The new brand creative is being designed to work across print and digital platforms and will be rolled out across all channels and assets ahead of reopening.

Improving the visitor welcome and experience in the Gallery is central to the *Inspiring People* project. Ensuring visitors are quickly oriented and have access to facilities, tickets and information to make the most of their visit is paramount. To support this, we are developing a Visitor Experience Charter which will define our ambition for standards in visitor experience. This will be delivered by all front-facing roles, including third parties such as catering and events staff. The Charter will be aligned with the new Vision and Values.

The opening and future exhibition programme has been in review during closure. The ambition, to create world class exhibitions that reflect the transformative nature of *Inspiring People* is central to the strategy going forward. The new exhibitions framework will ensure, amongst other KPIs, a balanced and diverse programme, footfall for maximum attendance through attracting repeat and new target audiences, maximising the use of digital, including online.

A significant amount of research has gone into the catering offer, and procurement for catering providers for the Portrait Restaurant and East Wing cafes was underway at the end of 2021–22. The Portrait Restaurant will remain in its existing location and there will be newly refurbished catering spaces in the East Wing. We will review our retail offer and develop new product lines ahead of the relaunch.

The marketing and communication strategy is essential in maximising opportunities around reopening and delivering on the investment in *Inspiring People*. The reopening campaign will excite existing supporters whilst focused marketing and press activity will engage specific audience groups, for example families and young people. We are in discussion with potential content partners and sponsors and at early planning stage for a range of events around reopening.

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

Performance indicators

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

Performance indicators

	Actual 2022 000s	Actual 2021 000s
<i>Access</i>		
Number of actual visits	-	-
Number of unique users visiting the website	3,700	4,700
<i>Audience profile</i>		
Number of visits by children under 16	-	-
Number of overseas visits	-	-
<i>Learning / outreach</i>		
<i>Children</i>		
Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	-	-
Number of instances of visitors under 18 participating in on-site organised activities	-	-
<i>Visitor satisfaction</i>		
Percentage of visitors who would recommend a visit	n/a	n/a
<i>Income generation</i>		
Exhibitions income (admissions and other exhibitions related income)	1,548	1,986
Trading net profit/(loss)	143	(31)
Fundraising (including capital)	16,174	6,454
Ratio of Fundraising to Grant in Aid	1.04:1	0.7:1
<i>Regional engagement</i>		
Number of UK loan venues	22	69

Visitor figures at the National Portrait Gallery were nil in 2021-22 (nil in 2020-21), due to the closure of the Gallery initially as a result of the Covid-19 pandemic, and then for the *Inspiring People* project. The number of unique users visiting the website has decreased to 3.7 million in 2021-22 (4.7 million in 2020-21); during the previous year the Gallery focussed on online exhibitions as a result of the pandemic, including *Hold Still* and the *Taylor Wessing Photographic Portrait Prize*, which drew users to the Gallery's website and were not repeated online in 2021-22.

The increase in fundraising income reflects the receipt of donations for the *Inspiring People* project. Exhibitions income has continued to decrease in 2021-22 as a result of the closure of the Gallery. Trading net profit has increased in 2021-22 after trading conditions were impacted by Covid-19 from April to June 2020.

Sustainability

Operations & Sustainability

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

The Gallery is developing an ambitious 5 year sustainability strategy which will cover all activity, from supply chains and products in retail and catering to the materials used for uniforms. The largest single action which could be taken is replacement of the steam boilers, with the aim of reducing greenhouse gas emissions.

Greenhouse gas emissions

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

Overall, the National Portrait Gallery's carbon emissions for Scopes 1 and 2 have reduced by 74% since the baseline year. The significant reduction from the baseline year is a result of the current Gallery closure, with the successful completion of the *Inspiring People* project enabling works in late 20-21 resulting in a further decrease in emissions, as use of the climate control systems for the artworks is no longer required. More broadly, a number of energy-saving interventions have been made across the estate since 2017-18 to manage energy usage and emissions. Sustainability is an important issue for the National Portrait Gallery, which is demonstrated by an on-going programme of upgrade works, carried out as part of its regular maintenance regime. As part of this programme of works, a significant amount of the existing lighting within the building has already been converted to LED lighting, and out-dated & obsolete controls are being replaced over time with modern, more efficient controls.

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

<u>Greenhouse Gas Emissions</u>		Base yr. 2017-18	2019-20	2020-21*	2021-22*	% change on base year
Greenhouse Gas Emissions (tCO2e)	Scope 1 & 2					
	Scope 1 (direct)	596	716	788	178	-70%
	Scope 2 (indirect)	786	856	378	185	-76%
	Total scope 1 & 2	1,382	1,572	1,166	363	-74%
	Scope 3					
	Business Travel Emissions*	78	62	-	6	-92%
	Total scope 3	78	62	-	6	-92%
	Total Scope 1 - 3	1,460	1,634	1,166	369	-75%
Energy Use (kWh)	Electricity (renewable)	0	0	0	0	
	Electricity (non-renewable)	2,237,168	2,556,561	1,620,127	872,858	-61%
	Gas	3,230,037	3,865,953	2,681,373	969,780	-70%
	Total kWh	5,467,205	6,422,514	4,301,500	1,842,638	-66%
	Total kWh per visitor	3	4	n/a	n/a	n/a
Expenditure (£)	Electricity	213,859	273,584	187,302	152,559	-29%
	Gas	63,906	85,863	60,697	32,367	-49%
	Business Travel	10,766	34,504	1,032	9,316	-13%
	Total Expenditure	288,531	393,951	249,031	194,242	-33%

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

Waste minimisation & management

During 2021-22, 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 19% from the baseline year, which, whilst partly due to the closure of the Gallery from March 2020 onwards, 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. During 2020-21, the main building of the National Portrait Gallery premises was emptied to facilitate the *Inspiring People* Project, creating a larger than normal requirement for bulk waste removal that continued into 2021-22.

Finite resource consumption

Finite resource consumption significantly reduced in 2020-21 in comparison to previous years, as a result of the Covid-19 pandemic and subsequent closure of the NPG offices. In line with Government Guidance in 2021-22 staff have started to resume working from the office, resulting in an increase in finite resource consumption when compared to the previous year. However, since the baseline year the Gallery has reduced annual water consumption by 70%, and continues to encourage staff to reduce paper usage.

Finite Resources, Waste

		Base yr. 2017-18	2019-20	2020-21**	2021-22**	% change on base yr.
Waste (tonnes)	Landfilled*	2.10	8.00	0.00	0.00	-100%
	Hazardous waste disposed	-	1.00	1.00	1.00	n/a%
	Reused/recycled	23.10	106.00	36.00	41.00	77%
	Composted	22.50	22.00	4.32	2.00	-91%
	ICT waste recycled, reused and recovered (externally)	-	-	-	5.00	n/a%
	Incineration with energy recovery	34.60	34.00	16.60	18.00	-48%
	Incineration without energy recovery	0.00	0.00	0.00	0.00	0%
	Total Waste	82.30	171.00	57.92	67.00	-19%
Spend (£)	Total Waste	17,500	33,000	25,689	29,700	70%

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

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

Finite Resources, Water

		Base yr. 2017-18	2019-20	2020-21 (revised)*	2021-22*	% change on base yr.
Water use (m ³)	Total scope 1 & 2	16,193	30,322	2,949	4,860	-70%
	Total scope 2 litres per visitor	0.009	0.019	n/a	n/a	n/a%
Expenditure (£)	Water Supply	36,605	41,931	10,672	15,768	-57%

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

Performance against Government Greening Commitments

The National Portrait Gallery is currently closed to the public for a large refurbishment, which has improved the outlook in the short term. We expect to improve on the 2017-2018 baseline on the re-opening of the Gallery next year.

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, including how they deal with their supply chain and waste recycling.

Nature recovery and biodiversity action planning

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

Climate change adaption

Adapting to new processes to reduce energy usage, which in turn reduces the Gallery's carbon footprint are key. Reducing waste is a key part of the Gallery's ongoing plan from the obvious to the

not so obvious, for example heat recovery systems. Current Gallery equipment is being reviewed and its climate impact noted, for example the current steam boiler, which could be replaced with a lower climate-impact alternative, and old lighting which could be upgraded. Additions to the Gallery are also being considered, including new processes for the environmental control of the Gallery spaces.

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 2021-22 through several different initiatives. These include encouraging Microsoft Teams meetings to reduce emissions related to travel to physical meetings; not having AV equipment running onsite during Gallery closure; introducing QR codes for online voting for the *Taylor Wessing Photographic Portrait Prize 2021*, rather than having digital kiosks in the exhibition; introducing Portfolio (DAMS), enabling staff to view centrally-stored galleries of images rather than creating local copies, reducing the environmental impact from storage; deleting hi-res jpegs from the Gallery's server to instead be created as and when required by staff, again reducing the environmental impact from storage; and working on new templates for the website to reduce the website's carbon footprint by reducing page load times and reducing server space used.

Sustainable Construction

As part of the Government's initiatives towards sustainable construction, choice of materials and re-use of materials is fully considered by the Gallery. The Gallery has large amounts of lime plasterwork which sequesters CO₂; the lime is sourced locally from the South Downs.

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.

Immunity from Seizure was not used during 2021-22 (used for 7 works in 2020-21).

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 63 shows total income of £35,293,000 (£20,068,000 in 2020-21). Of this amount, £6,750,000 (£668,000 in 2020-21) was applied to the capital programme, £305,000 (£427,000 in 2020-21) to Collection acquisitions and £nil (£nil in 2020-21) to Endowment Funds. The remaining £28,238,000 (£18,973,000 in 2020-21) was applied to ongoing operations (see expenditure below).

The National Portrait Gallery received £15,498,000 of Grant in Aid (£9,410,000 in 2020-21), provided through DCMS. Grant in Aid is made up of two elements:

- revenue grant used to support ongoing operations of £8,748,000 (£8,742,000 in 2020-21), of which £1,754,000 (£1,747,000 in 2020-21) was provided for the effect of Covid-19;
- capital expenditure grant used to support the purchase and maintenance of fixed assets of £6,750,000 (£668,000 in 2020-21)

The National Portrait Gallery continues to supplement this grant from other sources and self-generated income from trading, admissions and fundraising amounted to £19,628,000 for the year (£9,373,000 in 2020-21). Additional income of £167,000 was received from the Government under the Coronavirus Job Retention Scheme (£1,285,000 in 2020-21). The variance in self-generated income is because of fundraising for the *Inspiring People* project and the closure of the Gallery for the *Inspiring People* project.

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

Expenditure includes the costs of generating donations and legacies, trading and other costs, investment management costs and costs of charitable activities. The consolidated Statement of Financial Activities on page 63 shows total expenditure of £13,996,000 (£16,643,000 in 2020-21). Of this amount £2,383,000 (£2,493,000 in 2020-21) was applied to the capital programme, £12,000 (£21,000 in 2020-21) to Collection acquisitions, £19,000 (£18,000 in 2020-21) to Endowments and £11,582,000 (£14,111,000 in 2020-21) was applied to ongoing operations. Expenditure directly related to Covid-19 was not significant as the Gallery remained in its phase of planned closure, which began at the end of June 2020.

The consolidated Statement of Financial Activities on page 63 also shows that in total during 2021-22, the National Portrait Gallery increased restricted funds by £23,084,000 (£4,655,000 increase in 2020-21), increased endowment funds by £19,000 (£402,000 increase in 2020-21), and increased unrestricted funds by £387,000 (£21,000 reduction in 2020-21).

Over the past year, the National Portrait Gallery has added works of art valued at £432,000 to the Collection (£605,000 in 2020-21). Of this figure, £305,000 has been donated by individuals either directly or in lieu of tax (£298,000 in 2020-21). Funding for purchased works of art has come from many sources, including donors and self-generated income.

Reserves and funds carried forward of £164,982,000 (£141,492,000 in 2020-21) are:

<u>Reserves</u>	2022 £000	2021 £000
Revaluation reserve	58,230	57,267
Capital reserves	37,223	25,010
Works of art reserves	35,503	35,071
General reserve	4,502	3,046
Endowment funds	3,527	3,508
Other restricted reserves	25,997	17,585
Other designated reserves	0	5
Total Reserves	164,982	141,492

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

Fixed assets

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

Additions to tangible fixed assets during the year of £14,647,000 (£4,959,000 in 2020-21) comprise nil (nil in 2020-21) in relation to land, £16,000 (nil in 2020-21) in relation to freehold buildings, £14,281,000 (£4,561,000 in 2020-21) in relation to the *Inspiring People* asset under construction, and £350,000 (£398,000 in 2020-21) on plant and machinery and other assets. Additions to intangible assets during the year of £85,000 (nil in 2020-21) comprise £44,000 (nil in 2020-21) in relation to complete intangible assets, and £41,000 (nil in 2020-21) in relation to intangible assets under construction. Heritage assets comprise works of art; additions of £432,000 in the year (£605,000 in 2020-21) include items donated, bequeathed or given in lieu of tax to the National Portrait Gallery with an approximate value of £305,000 (£298,000 in 2020-21). 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 2021-22 70% (56% in 2020-21) of invoices were settled in 30 days or less.

Going Concern

The Gallery has been closed since 2020 as a result of the *Inspiring People* project and plans are in place to manage the cash position through closure. A loan from the Department of Digital, Culture, Media and Sport will cover both operating losses and cashflow shortfalls during the period of construction, which will end in 2023. After reviewing the National Portrait Gallery's budgets, forecast, anticipated Grant in Aid receipts, there is a reasonable expectation that the Gallery has adequate resources to continue in operational existence for the foreseeable future. The Gallery therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Reserves policy

The Trustees review the reserves held annually, with reference to guidance from the Charity Commission. This review encompasses the nature of the income and expenditure streams, the need to match potentially variable income streams with largely fixed commitments and the nature of the reserves. The Trustees consider that under normal operating conditions, in order to allow efficient financial management and to provide a buffer to give some assurance against interruption to the

charitable activities, a general reserve equivalent to four months' worth of unrestricted charitable expenditure should be maintained. In May 2021 the Trustees agreed to remove the line 'net of Grant in Aid receipts' from the reserves policy, agreeing that a more cautious position should be taken given the impact of the pandemic for the Gallery.

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

The Trustees consider the General fund and the *Inspiring People* fund when reviewing the reserves policy. They are both unrestricted funds, some of which are designated by Trustees for specific purposes. Please see note 18 for further information.

At the year end the reserves under consideration in respect of the reserves policy totalled £4,502,000 (£3,051,000 in 2020-21), equivalent to five months' (three months in 2020-21) worth of unrestricted charitable expenditure. The unrestricted reserve is reviewed by the Finance Committee.

Investments

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

The objectives of the investment strategy are:

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

The Master Portfolio/Heinz

The Master Portfolio is a collective investment scheme, created by Partners Capital, that invests across a range of asset classes and securities (which may include investments in other collective investment schemes). The objective is to seek an income yield of 5.5% to 6% nominal returns, based on a target return of RPI plus 2%. In 2018-19, a legacy of \$4m was received from Drue Heinz and during 2019-20 it was placed under the management of Partners Capital. As the income and capital relating to it are ring-fenced, it has been classified as a Fixed Asset investment along with The Master Portfolio. The annual income from the Heinz fund will support the core activities of the Heinz Library & Archives.

At 31 March 2022, the Master Portfolio/Heinz investment fund was valued at £12,459,000 (£11,930,000 in 2020-21); historic cost £6,840,000 (£6,840,000 in 2020-21).

Investment and Contingency Fund

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

At 31 March 2022, the I&CF was valued at £13,618,000 (£7,752,000 in 2020-21); historic cost £12,619,000 (£6,574,000 in 2019-20).

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

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

Fundraising

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

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

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

Fulfilment of Museums and Galleries Act Aims

The National Portrait Gallery's fulfilment of the Museums and Galleries Act aims is best reflected by its expenditure on charitable activities. Charitable activities expenditure is broken down into three main areas: 'Extending & broadening audiences', 'Developing the Collection', and 'Increasing understanding & engagement with the Collection', with a total expenditure of £10,204,000 (2020-21: £12,815,000). Overall, 73% of expenditure (2020-21: 77%) is spent on charitable activities. Gallery activities comprises all those costs associated with the public programmes of the Gallery and of the media programmes and website; this includes exhibitions, education and communications and marketing expenditure. Gallery operations comprises visitor services and operations costs. Collections comprises all those costs associated with the National Portrait Gallery Collection; this includes conservation, art handling, photography and acquisitions related expenditure.

Social policy and wider public benefit

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

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

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

Alongside this activity, the Gallery enhanced its digital offer in 2021–22 with new online content and features that have transformed the online experience, such as the ability to virtually 'meet' and hear from the sitter.

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

Auditors

Under statute, the Comptroller & Auditor General is the auditor of the Gallery's accounts for the year 2021-22. The audit fee in respect of this work was £53,000 (£50,000 in 2020-21). The National Audit Office did not provide any non-audit services. PKF Littlejohn LLP is the auditor for the National Portrait Gallery Company Limited and the audit fee in respect of their work was £9,580 (£9,300 in 2020-21).

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

Signed

Dr Nicholas Cullinan
Director, the National Portrait Gallery

15 July 2022

Signed

David P J Ross
Chairperson, the National Portrait Gallery

15 July 2022

ADVISERS

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

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

Auditors

Gallery

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

Gallery Subsidiary

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

External Advisors

Bankers

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

Investment Advisors

Partners Capital LLP
5th Floor
5 Young Street
London
W8 5EH

Internal Auditors

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

Solicitors

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

Solicitors

Michelmores LLP
Woodwater House
Pynes Hill
Exeter
Devon
EX2 5WR

REMUNERATION REPORT

Membership

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

Policy on the Remuneration of the Director

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

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

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

Senior Directors

The National Portrait Gallery is required to prepare a remuneration report containing certain information about the directors' remuneration as a result of the Accounts Direction from DCMS which required the Gallery to follow the Financial Reporting Manual (FRm) paragraph 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 staff details need to be disclosed under this guidance for 2021-22.

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

Salary entitlements

		2021-22	2020-21
		£000	£000
Nicholas Cullinan	Director	110-115	110-115
Ros Lawler	Chief Operating Officer	90-95	85-90

Remuneration Breakdown

	2021-22					2020-21				
	Salary (excluding non- consolidated performance- related pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000	Salary (excluding non- consolidated performance pay) £000	Non- consolidated performance pay £000	Benefits- in-kind £000	Pension benefits* (to the nearest £1,000) £000	Total remuneration £000
Nicholas Cullinan, Director	110-115	10-15	-	39	165-170	110-115	-	-	45	155-160
Ros Lawler, Chief Operating Officer	90-95	-	-	37	130-135	85-90	-	-	35	120-125

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

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the 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 2021-22 was £165,000-£170,000 (£155,000-£160,000 2020-21), and £125,000-£130,000 (£110,000-£115,000 in 2020-21) excluding pension benefits. This was 4.1 times (3.4 in 2020-21) the median remuneration of the workforce. In 2021-22, 0 employees (nil in 2020-21) 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

	2021-22			2020-21 (Revised)		
	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)	£125,000-£130,000			£110,000-£115,000		
Employee total remuneration	£24,720	£31,370	£40,000	n/a	£33,495	n/a
Employee salary	£24,720	£31,370	£39,999	£28,467	£33,495	£42,602
Ratio (total remuneration)	5.2	4.1	3.2	n/a	3.4	n/a

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

		Salary	Performance pay	Bonus
Change from 2020-21 to 2021-22	Highest paid Director	0%	100%	0%
	NPG Employees	11%	0%	0%

Pension Breakdown

	Accrued pension at end date at 31 March 2022 £000	Real increase / (decrease) in pension at end date £000	CETV at 31 March 2022 £000	CETV at 31 March 2022 or start date £000	Real increase / (decrease) in CETV £000
Nicholas Cullinan, Director					
Pension	25-30	0-2.5	341	305	15
Lump sum	-	-	-	-	-
Ros Lawler, Chief Operating Officer					
Pension	10-15	0-2.5	152	120	21
Lump sum	-	-	-	-	-

Nicholas Cullinan and Ros Lawler are members of the Civil Service defined benefit pensions scheme.

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

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

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

Staff numbers

NPG staff	2021-22	2020-21
Employees	127	156
Other staff (includes agency/temporary staff)	77	73
Total	204	229

The staff turnover percentage for 2021-22 was 15% (86% in 2020-21). The fall in staff turnover relates to the conclusion of the Workforce Change programme in 2020-21, which had been planned as part of the closure of the Gallery for the *Inspiring People Project* and resulted in a high staff turnover figure for that year.

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 2.9 days in 2021-22 (1.6 in 2020-21).

Off-payroll engagements

As a result of the Accounts Directive from DCMS the National Portrait Gallery follows guidance per the Financial Reporting Manual (FRM) paragraph 6.5.31. As of March 2022, there was one off payroll engagement for more than £245 per day and that lasted longer than six months (nil in 2020-21), as illustrated in the table below.

Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater

Number of existing engagements as of 31 March 2022	2021-22	2020-21
Of which, that existed:		
For between 6 months and 1 year	-	-
For between 1 and 2 years	1	-
For between 2 and 3 years	-	-
For between 3 and 4 years	-	-
For 4 or more years	-	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater

No. of temporary off-payroll workers engaged during the year ended 31 March 2022	2021-22	2020-21
Of which:		
Not subject to off-payroll legislation	-	-
Subject to off-payroll legislation and in-scope of IR35	-	-
Subject to off-payroll legislation and out-of-scope of IR35	1	-
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 2021-22, the National Portrait Gallery spent £222,259 (£44,393 in 2020-21) on consultants.

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 the NPG 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 HR 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- HR 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- 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">- During 2021-22 unconscious bias training was delivered by an external provider to all employees of the Gallery- All employees have access to SkillGate, the Gallery's e-learning platform, containing over 100 courses that contribute to professional development

* 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

	2021-22	2020-21
Number of employees who were relevant union officials during the relevant period	4	4

Percentage of time spent on facility time

Percentage of time	2021-22 Number of employees	2020-21 Number of employees
0%	-	-
1-50%	4	4
51%-99%	-	-
100%	-	-

Percentage of pay bill spent on facility time

	2021-22	2020-21
Total pay bill (wages + ER NI +ER Pension)	£1,324	£2,331
Percentage of facility time against total pay bill	0.02%	0.02%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.63%	1.4%

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

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

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

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

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

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

Signed

Dr Nicholas Cullinan
Director, the National Portrait Gallery

15 July 2022

Signed

David P J Ross
Chairperson, the National Portrait Gallery

15 July 2022

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

GOVERNANCE STATEMENT

Introduction

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

The Governance Framework

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

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

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

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

Operation of the Board of Trustees and Board Sub-committees

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

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

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

The Board of Trustees is required to follow the principles established by the Nolan Committee 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;
- authorisation of signatories on behalf of the Board;
- approval of organisation-wide policies;
- appointment of the Director, with the approval of the Prime Minister; and
- approval of the Gallery's Management Agreement with the DCMS.

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

- Sub-Committees with delegated authority from the Board: Investment Committee, *Inspiring People* Project Board; and
- Advisory Committees with no formal decision-making authority: Finance 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 Museums and Galleries Act 1992. The Board oversees the management of the Gallery, with the Trustees acting as guardians of the public interest. It approves policy and the strategic direction for the Gallery, leaving operational matters to the Director. The Board decides on all acquisitions and strategic resource allocations. It represents the Gallery externally, monitors the organisation's performance against its agreed objectives and targets, and ensures the stewardship of public funds.
Audit and Risk Committee	Board Sub-Committee	Considers the Gallery's internal control structure, internal and external audit risk, compliance with the regulatory environment and the statutory accounts.
Remuneration Committee	Board Sub-Committee	Advises on contractual terms and remuneration for the Director.
Investment Committee	Board Sub-Committee	Reviews the performance of the Gallery's investment funds and advises on investment strategy.
Finance and Operations Committee	Board Sub-Committee	Considers the Gallery's budgets, financial performance and reserves and reviews <i>Inspiring People</i> financial information.
<i>Inspiring People</i> Project Board	Board Sub-Committee	Reviews all aspects of the <i>Inspiring People</i> Project including design, costs, fundraising and risk.
Ethics Committee	Board Sub-Committee	Advises on potential donations and wider ethical and reputational issues referred to it for advice by the executive or the Board of Trustees.
Chair's Group	Board Sub-Committee	Advises on governance matters and succession planning for Trustees and Board Sub-committees.
Curatorial Committee	Board Sub-Committee	Advises on artistic, programming and curatorial matters. Established in May 2021.

In addition to the above, the Trustees agreed in May 2022 to establish a Reopening Committee tasked with providing advice on plans for the reopening of the Gallery in 2023.

Membership and Attendance

The Board of Trustees*

During the year, Rob Dickins and Dr Andrew Roberts retired from the Board. The campaign to replace Dr Roberts concluded at the end of 2021-22 with the appointment of Blake Shorthouse, with effect from 1 April 2022. In August 2021, Inaya Folarin Iman and Simon Sebag Montefiore were appointed to the Board, replacing Rob Dickins and Dr Brian Allen, who had retired in the previous year. The Rt Hon Mark Spence MP replaced the Rt Hon Jacob Rees-Mogg MP in February 2022 following a cabinet reshuffle.

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
- Rob Dickins – 1 of 1 meetings
- Inaya Folarin Iman – 2 of 2 meetings
- The Rt Hon Chris Grayling MP – 4 of 4 meetings
- Marcus Harling – 4 of 4 meetings

- Dr Joanna Kennedy OBE – 3 of 4 meetings
- The Rt Hon Jacob Rees-Mogg MP (*ex-officio*) – 1 of 4 meetings
- Dr Andrew Roberts – 1 of 1 meetings
- Rebecca Salter PRA (*ex-officio*) – 3 of 4 meeting
- Bjorn Saven – 4 of 4 meetings
- Simon Sebag Montefiore – 1 of 2 meetings
- The Rt Hon Mark Spencer MP (*ex-officio*) – 0 of 0 meetings
- Sir Peter Stothard – 4 of 4 meetings
- Christopher Townsend CBE (*co-opted*) – 3 of 4 meetings
- Dr Rachel Wang – 4 of 4 meetings
- Professor Shearer West CBE – 4 of 4 meetings
- Jonathan Yeo – 4 of 4 meetings

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

Board Sub-Committees

Membership and attendance* at meetings during 2021-22:

<p>Audit and Risk Committee The Audit and Risk Committee met 4 times in 2021-22 (4 in 2020-21).</p> <ul style="list-style-type: none"> • Roger Blundell (Trustee, Chair) – 4/4 • Marcus Harling (Trustee) – 4/4 • Dr Mark Cecil (Trustee) – 4/4 • Neil Spence (Co-opted Member) – 4/4 • Tony Poulter (Co-opted Member) – 4/4 	<p>Finance and Operations Committee The Finance and Operations Committee met 4 times in 2021-22 (5 in 2020-21).</p> <ul style="list-style-type: none"> • The Rt Hon Chris Grayling MP (Trustee, Chair) – 4/4 • Roger Blundell (Trustee) – 4/4 • David Ross (Trustee) – 2/4 • Neil Spence (Co-opted Member) – 4/4 • Tony Poulter (Co-opted Member) – 4/4
<p>Investment Committee The Investment Committee met 3 times in 2021-22 (4 in 2020-21).</p> <ul style="list-style-type: none"> • Bjorn Saven (Trustee, Chair) – 3/3 • Anthony Brooke (Co-opted Member) – 3/3 • Dr Mark Cecil (Trustee) – 3/3 • David Ross (Trustee) – 2/3 • Jeremy Sillem (Co-opted Member) – 2/3 • Ben Whitmore (Co-opted Member) – 1/2 	<p>Inspiring People Project Board The <i>Inspiring People</i> Board met 11 times during 2021-22 (12 in 2020-21).</p> <ul style="list-style-type: none"> • Dr Joanna Kennedy OBE (Trustee, Chair) – 8/11 • Marcus Harling (Trustee, Acting Chair since Feb 2022) – 10/11 • Dr Peter Gist (Independent Member) – 8/11 • The Rt Hon Chris Grayling MP (Trustee) – 10/11 • David Hickey MBE (Independent Member) – 10/11 • Sir Christopher Le Brun (Independent member) – 8/11 • Jenni Lomax OBE (Independent Member) – 7/11 • David Ross (Trustee) – 10/11 • Jonathan Yeo (Trustee) – 7/11

<p>Chair's Group The Chair's Group met 6 times in 2021-22 (4 in 2020-21).</p> <ul style="list-style-type: none"> • David Ross (Trustee, Chair) – 6/6 • Roger Blundell (Trustee) – 5/6 • The Rt Hon Chris Grayling MP – 5/6 • Dr Joanna Kennedy OBE (Trustee) – 4/6 • Sir Peter Stothard (Trustee) – 5/6 • Christopher Townsend CBE (Co-opted Trustee) – 5/6 • Professor Shearer West CBE (Trustee)– 5/6 	<p>Ethics Committee The Ethics Committee met 3 times in 2021-22 (3 in 2020-21).</p> <ul style="list-style-type: none"> • Sir Peter Stothard (Trustee, Chair) – 3/3 • Sir Nicholas Blake (Independent Member) – 3/3 • Professor Shearer West CBE (Trustee)– 1/3
<p>Curatorial Committee The Curatorial Committee was established in May 2021; the Committee met 7 times in 2021-22.</p> <ul style="list-style-type: none"> • Professor Shearer West CBE (Trustee)– 7/7 • Sir Peter Stothard (Trustee) – 7/7 • Jonathan Yeo (Trustee) – 7/7 • Simon Sebag Montefiore – 1/1 	<p>Remuneration Committee The Remuneration Committee met in July 2022 to consider the matters detailed in the Remuneration Report.</p>

* (fractions reflect attendance at eligible meetings)

Board and Sub-Committee Business in 2021-22

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

The Board of Trustees

A key focus of the business considered by the Board throughout 2021-22 has been the financial and wider implications of temporary closure for the Gallery, its plans for *Inspiring People* and the reopening of the Gallery in 2023. Effective arrangements were put in place to ensure business continuity and that the Gallery's governance policies and procedures continued to be followed throughout the pandemic: the arrangements will continue to support Trustees with good charity governance while the Gallery remains closed to complete the *Inspiring People* project.

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

Strategic Matters	<ul style="list-style-type: none"> • The plans for the rehang of the national Collection; • The Gallery's Digital, Development and Storage strategies; • The Equality and Diversity Action Plan; • The exhibition programme from 2023; • Retail and catering proposals; • Action planning in response to the continued effects of the Covid-19 pandemic; • Acquisitions and future commissions in the context of the Collections Development Strategy; • The Corporate Plan for 2022-23.
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 people and employee wellbeing and the impact of the Covid-19 and homeworking arrangements on employees and workforce engagement.
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: Information Security Policy, Health and Safety Policy, Investment Policy and Strategy, Collections Development Policy, Finance Policy, Safeguarding Policy, Modern Slavery Act Statement and the Grants and Donations Policy; • The annual Research and annual FOI reports; • Corporate risks and mitigation plans; • The appointment of members to 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 2021-22

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 2021-22, the Audit and Risk Committee, Finance and Operations Committee, Curatorial Committee, Ethics Committee, Chair's Group and the *Inspiring People* Project Board 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 arrangements, risk management strategies, 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 Ethics Committee scrutinised and advised the Board on current and prospective corporate sponsorships and support from individuals, international partnerships and other sources and the extent to which these complied with the provisions of the Gallery's Grants and Donations Policy.

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

The Curatorial Committee scrutinised and advised the Board on the plans for the rehang of the national Collection, the exhibitions programme from 2023, acquisitions and future commissions and policy reviews.

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.

Remuneration Committee business considered in 2021-22 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. The review includes periodically an element of independent assessment, and the last independent review was carried out in 2018-19. 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 January 2022, in line with current Cabinet Office guidance on ALB Chair appraisals.

The 2021-22 review was carried out internally with a focus on the themes highlighted in previous reviews and areas of priority for 2022-23: 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 and the output assisted the Chair's Group in reshaping the Sub-Committee structure, in preparation for the reopening of the Gallery in 2023.

The review concluded that the Board had performed at a high level. Trustees reflected positively on the Board's operation and performance noting an increasing focus on the reopening plans. They recommended the establishment of a Reopening Committee to increase oversight of the preparations for the reopening of the Gallery in 2023 and made suggestions for ensuring that Board and committee time was optimised, including encouraging early engagement on strategic issues so that ideas are explored before they are fully developed.

Trustees noted the importance of an effective working relationship with the Gallery's senior team and recommended improvements to the process of strategy formation, to increase clarity in relation to roles and responsibilities. It was also suggested maximising relationship opportunities outside of the formality of the board meetings, such as team building events and informal opportunities for dinners, to strengthen this further.

Trustees noted that they were satisfied that the quality of data they receive, and that effective and appropriate processes were in place that met the requirements of good governance. They recommended ways for improving the flow of information between the Board and the Gallery's senior team and reiterated the continued need to focus on strategy and risk during the final stages

of the redevelopment programme. They also recommended allocating more time in meetings to key strategic items to encourage quality discussion.

Director's Group and the Senior Management Team

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

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

The Director's Group is supported by the 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 2021-22

Name	Job Title
Dr Nicholas Cullinan	Director and Accounting Officer
Alix Gilmer	<i>Inspiring People</i> Project Director
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
Sarah Tinsley	Executive Director, Programmes and Partnerships
Denise Vogelsang	Director of Communications and Digital
Lesley Williams	Chief Financial Officer

Subsidiary undertakings

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

As well as the Directors of the Company, the Audit and Risk Committee reviews the performance of the Company, its annual report and accounts, the external auditors' audit strategy and Management Letter. This is done in order to obtain assurance over the activities of the subsidiary during the year. More information about the Gallery's trading subsidiary 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 2022, describes the National Portrait Gallery's approach to risk management and the process to be adopted by managers in its implementation. The policy has been issued to all Directors.

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

Risk is reported at divisional and Gallery-wide levels. Directors are responsible for maintaining a risk register for their division. The most significant risks facing the Gallery are detailed in the corporate risk register, which is reviewed by the 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 targeted risk profile. Each risk is assigned a risk owner.

Risks are explicitly reviewed:

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

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

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

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

The targeted risk profile is reviewed annually and approved by the Audit and Risk Committee, most recently in January 2022.

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

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

Risk management forms a key area of internal audit, underpinning the Annual Internal Audit Opinion. The Board of Trustees has contracted the internal audit service to Mazars, which operates to the standards defined in the Public Sector Internal Audit Standards. The work of the internal auditors is informed by an analysis of the risk to which the organisation is exposed, and annual audit plans are

based on this analysis. The analysis of risk and internal audit plans are approved by the Audit and Risk Committee and internal audit reports, key findings and progress towards the implementation of recommendations is reviewed at each meeting.

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

Based upon the programme of work undertaken by internal audit during 2021-22, the Head of Internal Audit provided the opinion that overall, the Gallery has an adequate and effective framework for risk management, governance and internal control. A moderate assurance opinion was given for all four assurance reviews carried out and action has been taken to address the recommendations made.

Significant risks

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

- an additional risk has been added about how the Gallery responds to sustainability and climate change.

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

Risk	Mitigations:
Delivery of the <i>Inspiring People</i> Project to a high quality and ensuring transformational change	<ul style="list-style-type: none"> • A reasonable and appropriate level of contingency remains in the budget for the stage of the project • Operational readiness plans are progressing and a new oversight committee has been set up • Staffing levels are being reviewed in the run up to reopening • Sectional completion plans are in place so that the rehang of the collection can begin to plan
Ensuring that the Gallery has a sustainable operating and financial model in the medium to long term	<ul style="list-style-type: none"> • Continue to liaise with DCMS on funding options • Three year budgets have been completed • Continue to work and refine the operating model for the reopening of the Gallery after <i>Inspiring People</i>.
Not enough staff to deliver the plans of the Gallery	<ul style="list-style-type: none"> • Build staff plans for the reopening of the Gallery • Listen to staff and respond through regular pulse surveys • Prioritise wellbeing for staff • Ensure accommodation is fit for purpose • Hold staff contingency to be able to respond to staff issues when they arise

Risk Management and Internal Control

The systems of internal control are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on ongoing processes designed to identify and prioritise the risks to the achievement of the Gallery's aims and objectives, and 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 National Portrait Gallery's whistleblowing policy contains arrangements for reporting, in confidence, concerns about a wrongdoing or potential wrongdoing internally and to relevant external bodies. The arrangements are reviewed by the Audit and Risk Committee on a regular basis (date of last review April 2022) 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. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Audit and Risk Committee so that the impact on the Gallery may be considered.

Significant incidents arising relevant to internal control

There were no significant incidents during the year.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

Contingent Liabilities

As at the end of 2021-22, the National Portrait Gallery had no material remote contingent liabilities as are disclosable under Parliamentary reporting requirements (nil in 2020-21).

Statement of Losses and Special Payments

During 2021-22 the NPG did not incur any losses or make any special payments (nil in 2020-21).

Gifts

During 2021-22 the NPG did not make any gifts over £300,000 (nil in 2020-21).

Analysis of fees and charges income

During 2021-22 the NPG did not receive any income from fees and charges (nil in 2020-21).

Signed

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

15 July 2022

Signed

David P J Ross
Chairperson, the National Portrait Gallery

15 July 2022

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

Opinion on financial statements

I certify that I have audited the financial statements of the National Portrait Gallery and its Group for the year ended 31 March 2022 under the Museums and Galleries Act 1992.

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

- Consolidated and Gallery balance sheets as at 31 March 2022;
- Consolidated Statement of Financial Activities for the year then ended;
- Consolidated Statement of Cash Flows for the year then ended; and
- the related notes 1 to 25 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 2022 and its net income for the year then ended;
- have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Portrait Gallery 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 Director with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate and report. The Trustees and Director are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration Report to be audited has 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:

- I have not received all of the information and explanations I require for my audit; or
- 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
- the financial statements and the parts of the Annual Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Director for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Director determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; 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 Director either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and 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, we considered the following:

- 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 incentives.
- Inquiring of management, the 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 relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Portrait Gallery and its Group's controls relating to the National Portrait Gallery's compliance with the Museum and Galleries Act 1992, Managing Public Money and the Charities Act 2011.
- discussing among the engagement team and involving relevant specialists, including relevant internal specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As 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 within donations, legacies and sponsorship income, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Portrait Gallery and its Group's framework of authority as well as other legal and regulatory frameworks in which the National Portrait Gallery and its Group operates, focusing 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 and its Group. The key laws and regulations I considered in this context included, the Museum and Galleries Act 1992, Managing Public Money, Employment Law, Tax Legislation, Pensions Legislation, the Coronavirus Act 2020 and the Charities Act 2011.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing 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;
- enquiring of management, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing 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, legacies and sponsorship income.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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 reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

18 July 2022

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 2022

	Notes	INCOME AND EXPENDITURE			CAPITAL			COLLECTIONS			TOTAL				2020-21 Total funds £000
		2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Total funds £000	2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Total funds £000	2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Total funds £000	2021-22 Unrestricted funds £000	2021-22 Restricted funds £000	2021-22 Endowment funds £000	2021-22 Total funds £000	
Income and endowments from:															
<i>Donations and legacies</i>	4														
Grant in Aid		8,748	-	8,748	6,750	-	6,750	-	-	-	15,498	-	-	15,498	9,410
CJRS Government Grant		-	167	167	-	-	-	-	-	-	-	167	-	167	1,285
Other donations and legacies		247	15,622	15,869	-	-	-	305	305	247	15,927	-	-	16,174	6,454
<i>Charitable activities</i>	5	945	612	1,557	-	-	-	-	-	945	612	-	-	1,557	1,983
<i>Other trading activities</i>	6	1,877	-	1,877	-	-	-	-	-	1,877	-	-	-	1,877	921
<i>Investments</i>	12	17	3	20	-	-	-	-	-	17	3	-	-	20	15
Total		11,834	16,404	28,238	6,750	-	6,750	-	305	305	18,584	16,709	-	35,293	20,068
Expenditure on:															
<i>Raising funds</i>															
Costs of raising donations and legacies	8	846	3	849	122	112	234	-	-	-	968	115	15	1,098	1,519
Fundraising trading: cost of goods sold and other costs	8	2,309	28	2,337	173	160	333	-	-	-	2,482	188	-	2,670	2,276
Investment management costs	8	8	-	8	-	-	-	12	12	8	12	4	4	24	33
<i>Charitable activities</i>	8	7,680	708	8,388	944	872	1,816	-	-	-	8,624	1,580	-	10,204	12,815
Total		10,843	739	11,582	1,239	1,144	2,383	-	12	12	12,082	1,895	19	13,996	16,643
Net gains on investments	18	32	-	32	-	-	-	318	318	32	318	48	398	2,604	2,604
Net income/(expenditure)		1,023	15,665	16,688	5,511	(1,144)	4,367	-	611	611	6,534	15,132	29	21,695	6,029
Transfers between funds	18	6,684	(151)	6,533	(13,355)	14,281	926	-	(7,449)	(7,449)	(6,671)	6,681	(10)	-	-
Other recognised gains/(losses):															
Gain/(loss) on revaluation of fixed assets	18	-	-	-	524	1,271	1,795	-	-	-	524	1,271	-	1,795	(993)
Net movement in funds		7,707	15,514	23,221	(7,320)	14,408	7,088	-	(6,838)	(6,838)	387	23,084	19	23,490	5,036
Reconciliation of funds:															
Funds brought forward at 1 April 2021	18	3,054	8,481	11,535	15,306	69,820	85,126	-	41,323	41,323	18,360	119,624	3,508	141,492	136,456
Funds carried forward at 31 March 2022		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

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 2020-21 for this statement can be found in Note 2.

The notes on pages 67 to 101 form part of these accounts.

Consolidated and National Portrait Gallery Balance Sheets

Balance Sheets at 31 March 2022

	Notes	Group		National Portrait Gallery	
		2022 £000	2021 £000	2022 £000	2021 £000
<i>Fixed assets</i>					
Intangible assets	9	85	-	85	-
Tangible assets	10	95,368	82,277	95,368	82,277
Heritage assets	11	35,503	35,071	35,503	35,071
Investments	12	12,459	11,930	12,459	11,930
Total fixed assets		143,415	129,278	143,415	129,278
<i>Current assets</i>					
Stocks	13	360	388	-	325
Debtors and prepayments	14	3,173	2,462	4,858	2,987
Investments	12	13,618	7,752	13,618	7,752
Cash and liquid resources	15	18,208	9,185	16,775	8,509
Total current assets		35,359	19,787	35,251	19,573
<i>Creditors: amounts falling due within one year</i>	16	(4,932)	(2,531)	(4,824)	(2,317)
<i>Provisions: amounts falling due within one year</i>	16	(23)	(14)	(23)	(14)
Net current assets		30,404	17,242	30,404	17,242
Total assets less current liabilities		173,819	146,520	173,819	146,520
Creditors: amounts falling due after more than one year	16	(8,837)	(5,028)	(8,837)	(5,028)
Total assets less liabilities		164,982	141,492	164,982	141,492
<i>Represented by:</i>					
<i>Restricted reserves</i>					
Restricted funds (excluding revaluation reserves)	18	98,394	76,046	98,394	76,046
Revaluation reserves		44,314	43,578	44,314	43,578
Subtotal		142,708	119,624	142,708	119,624
<i>Unrestricted reserves</i>					
Designated (excluding revaluation reserves)		329	1,625	329	1,625
Revaluation Reserves		13,916	13,689	13,916	13,689
General		4,502	3,046	4,502	3,046
Subtotal		18,747	18,360	18,747	18,360
Total funds		161,455	137,984	161,455	137,984
Endowments	18	3,527	3,508	3,527	3,508
Total funds		164,982	141,492	164,982	141,492

The notes on pages 67 to 101 form part of these accounts.

The financial statements on pages 63 to 66 were approved by the Trustees on:

Signed

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

15 July 2022

Signed

David P J Ross
Chairperson, the National Portrait Gallery

15 July 2022

Consolidated Statement of Cash Flows

Cash flows for the Year Ended 31 March 2022

	Notes	2022 £000	2021 £000
<i>Cash flows from operating activities:</i>			
Net cash provided by operating activities	20	26,146	6,268
<i>Cash flows from investing activities:</i>			
Dividends and interest	15	4	4
Purchase of intangible assets	9	(101)	-
Purchase of tangible assets	10	(14,647)	(4,959)
Purchase of heritage assets	11	(127)	(307)
Proceeds from sale of investments	12	147	20
Purchase of investments	12	(6,192)	(3,608)
Net cash used in investing activities		(20,916)	(8,850)
<i>Cash flows from financing activities:</i>			
Receipt of loan	16	3,959	2,608
Repayment of loan		(150)	(10)
Net cash used in financing activities		3,809	2,598
Unrealised loss from changes in foreign currency exchange rates	20	(16)	(21)
Change in cash and cash equivalents in the reporting period		9,023	(5)
Cash and cash equivalents at the beginning of the reporting period		9,185	9,190
Cash and cash equivalents at the end of the reporting period	15	18,208	9,185

The notes on pages 67 to 101 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Accounting policies

Basis of accounting

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

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

The National Portrait Gallery is a public benefit entity.

Basis of consolidation

The National Portrait Gallery's financial statements consolidate the results of the National Portrait Gallery and its wholly-owned subsidiary the National Portrait Gallery Company Limited (company number 6015724). A separate Statement of Financial Activities 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 Activities beyond the requirements of the SORP in order to allow readers of the accounts to distinguish between the ongoing revenue income and costs of operating the NPG, and the impact of donations in support of capital expenditure and collection acquisitions.

Going Concern

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

Key judgements and estimates

The areas where significant estimates 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 on page 68.
- Depreciation (note 10) - the useful economic lives of tangible fixed assets are based on an estimate outlined on page 70 of this report for each category of asset.
- Valuation of tangible assets (note 10) - a full revaluation of the National Portrait Gallery's land, property and plant & machinery assets is undertaken on a quinquennial basis, 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 70 and in note 10.

- 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 appoints 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 2021-22 Parter 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 the the year in which it is incurred, and is represented by the Assets Under Construction within the Gallery's tangible and intangible assets. Costs are capitalised in line with the *Inspiring People* Capitalisation Policy, which is guided by the Charities SORP and is presented annually to the Audit & Risk Committee.

Income and endowments

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

Donations and legacies

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

Government Grants

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

Membership

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

Other trading activities

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

Investments

Dividend and interest income is recognised on a receivable basis.

Charitable activities

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

Deferred income

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

Expenditure

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

Costs of raising donations and legacies

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

Charitable activities

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

Support costs

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

Heritage Assets

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

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

Fixed assets

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

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

With the exception of assets in the course of construction and fixtures, fittings and equipment, tangible fixed assets are stated at modified historic cost in the accounts, being revalued annually using indices when no formal revaluation is undertaken. A revaluation of the Trustees' property holding was undertaken at 31 March 2019 by Montagu Evans, independent property consultants. Specialised operational assets are valued on a Depreciated Replacement Cost (DRC) basis, which is used where no market exists for the property due to its specialisation, and is calculated as the current cost of replacing the asset with its modern equivalent, less accumulated depreciation; operational assets are valued on the basis of Existing Use Value. Revaluation of assets is undertaken on a quinquennial basis and material variations from historical cost are reflected in the balance sheet value. 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. In the years between professional valuations of land and buildings, and therefore applying to 2021-22, indices are used to adjust the net book value of the assets. A desk top valuation of the land element is also undertaken in each year between professional revaluations by the Gallery's surveyors.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected life; a full year's depreciation is charged in the year of acquisition 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 under construction commences when the asset is available for use.

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/websites 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 on 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 2016. 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 2022.

Liabilities

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

Financial instruments

As required by accounting standards, certain items are classified as financial instruments. Creditors under one year are accounted for at carrying value, as disclosed in note 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, such as the Covid-19 pandemic, 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 2021

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

3. Gallery Statement of Financial Activity

	2021-22 Unrestricted funds (£000)	2021-22 Restricted funds (£000)	2021-22 Endowment funds (£000)	2021-22 Total funds (£000)	2020-21 Prior period total funds (£000)
Income and endowments from:					
Donations and legacies					
- Grant in Aid	15,498	-	-	15,498	9,410
- CJRS Government Grant	-	167	-	167	1,285
- Other donations and legacies	247	15,927	-	16,174	6,454
Charitable activities	895	612	-	1,507	1,983
Other trading activities	802	-	-	802	668
Investments	17	3	-	20	14
Total	17,459	16,709	-	34,168	19,814
Expenditure on:					
Raising funds					
- Costs of raising donations and legacies	984	115	15	1,114	1,517
- Fundraising trading: cost of goods sold and other costs	1,244	188	-	1,432	2,103
- Investment management costs	8	12	4	24	33
Charitable activities	8,721	1,580	-	10,301	12,736
Total	10,957	1,895	19	12,871	16,389
Net gains/(losses) on investments	32	318	48	398	2,604
Net income/(expenditure)	6,534	15,132	29	21,695	6,029
Transfers between funds	(6,671)	6,681	(10)	-	-
Other recognised gains/(losses):					
- Gains/(losses) on revaluation of fixed assets	524	1,271	-	1,795	(993)
Net movement in funds	387	23,084	19	23,490	5,036
Reconciliation of funds					
Total funds brought forward	18,360	119,624	3,508	141,492	136,456
Total funds carried forward	18,747	142,708	3,527	164,982	141,492

Prior year comparative:

	2020-21 Unrestricted funds (£000)	2020-21 Restricted funds (£000)	2020-21 Endowment funds (£000)	2020-21 Total funds (£000)
Income and endowments from:				
Donations and legacies				
- Grant in Aid	9,410	-	-	9,410
- CJRS Government Grant	-	1,285	-	1,285
- Other donations and legacies	723	5,731	-	6,454
Charitable activities	1,510	473	-	1,983
Other trading activities	668	-	-	668
Investments	12	2	-	14
Total	12,323	7,491	-	19,814
Expenditure on:				
Raising funds				
- Costs of raising donations and legacies	1,077	428	12	1,517
- Fundraising trading: cost of goods sold and other costs	1,573	530	-	2,103
- Investment management costs	6	21	6	33
Charitable activities	9,409	3,327	-	12,736
Total	12,065	4,306	18	16,389
Net gains/(losses) on investments	41	2,143	420	2,604
Net income/(expenditure)	299	5,328	402	6,029
Transfers between funds	261	(261)	-	-
Other recognised gains/(losses):				
Gains/(losses) on revaluation of fixed assets	(581)	(412)	-	(993)
Net movement in funds	(21)	4,655	402	5,036
Reconciliation of funds				
Total funds brought forward	18,381	114,969	3,106	136,456
Total funds carried forward	18,360	119,624	3,508	141,492

4. Donations and legacies

Group Donations and Legacies

	2022	2021
	£000	£000
Grant in Aid	15,498	9,410
CJRS Government Grant	167	1,285
Grants & donations	12,480	4,812
Legacies	95	88
Fundraising events	2	3
Donations in kind	-	-
Individual giving	130	452
National Lottery Heritage Fund	3,162	801
Donated works of art	305	298
Total	31,839	17,149
<i>of which the following is taken to (see pages 63 and 73)</i>		
Income and expenditure	24,784	16,054
Capital	6,750	668
Collections	305	427
Endowments	-	-

Grant in Aid is available for running costs, capital improvements and collection purchases. Of the total figure, £6,750,000 (£668,000 in 2020-21) was provided for capital purposes, and £1,754,000 (£1,747,000 in 2020-21) was provided for the effect of Covid-19.

Restricted income included in the above total amounted to £16,094,000 for 2021-22 (£7,016,000 for 2020-21), of which £167,000 (£1,285,000 in 2020-21) was received from the Government under the Coronavirus Job Retention Scheme (CJRS).

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

5. Charitable activities

Group Charitable Activities

	2022	2021
	£000	£000
Exhibitions income	1,548	1,986
Learning income	9	(3)
Total	1,557	1,983
<i>of which the following is taken to (see pages 63 and 73)</i>		
Income and expenditure	1,557	1,983
Capital	-	-
Collections	-	-
Restricted income included in the above total	612	473

Of the above income, £50,000 relates to the Trading Company (nil in 2020-21).

6. Other trading activities

Group Other trading activities

	2022	2021
	£000	£000
Trading	1,818	859
Other activities for raising funds	59	62
Total	1,877	921
<i>of which the following is taken to (see pages 63 and 73)</i>		
Income and expenditure	1,877	921
Capital	-	-
Collections	-	-

Restricted income included in the above totals £nil (£nil in 2020-21).

Included within the above totals for income from other trading activities for the group is £1,646,235 (£254,042 in 2020-21) of income generated by the National Portrait Gallery Company Limited. An additional £429,061 (£134,501 in 2020-21) 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 £143,000 (£nil in 2020-21) have been gift aided to the Gallery for 2021-22. In total, this brings the Gallery's non-consolidated trading income to £802,687 (£2,086,459 in 2020-21).

7. Net income/(expenditure)

Net income/expenditure is stated after charging:

	2022 £000	2021 £000
<i>Auditors' remuneration</i>		
National Audit Office	53	50
PKF Littlejohn LLP – Gallery taxation & technical advice	2	-
PKF Littlejohn LLP – Subsidiary audit	10	9
PKF Littlejohn LLP – Subsidiary taxation & technical advice	1	-
<i>Lease rentals</i>		
Land and buildings	464	351
Equipment	19	13
<i>Depreciation</i>	2,368	2,491
<i>Amortisation</i>	15	-
<i>Loss on disposal of fixed assets</i>	983	3,168

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	2022 Total £000	2021 Total £000
<i>Raising funds</i>						
Costs of raising donations and legacies	448	51	365	234	1,098	1,519
Fundraising trading: cost of goods sold and other costs	564	1,144	629	333	2,670	2,276
Investment management costs	-	21	3	-	24	33
<i>Total costs of raising funds</i>	1,012	1,216	997	567	3,792	3,828
<i>Charitable activities</i>						
Extending and broadening audiences	1,208	507	866	511	3,092	3,174
Developing the collection	850	200	568	342	1,960	4,122
Increasing understanding and engagement	1,922	702	1,565	963	5,152	5,519
<i>Total charitable activities</i>	3,980	1,409	2,999	1,816	10,204	12,815
Total	4,992	2,625	3,996	2,383	13,996	16,643

Support costs

Support cost breakdown by activity

	Governance costs £000	Finance and Legal £000	Human resources £000	Information systems £000	Estates £000	Other £000	2022 Total £000	2021 Total £000
<i>Raising funds</i>								
Costs of raising donations and legacies	15	23	50	49	211	17	365	732
Fundraising trading: cost of goods sold and other costs	51	80	72	69	300	57	629	904
Other costs of raising funds								
Investment management costs	1	1	-	-	-	1	3	3
Total costs of raising funds	67	104	122	118	511	75	997	1,639
<i>Charitable activities</i>								
Extending and broadening audiences	51	81	110	107	460	57	866	1,250
Developing the collection	31	49	74	71	308	35	568	1,681
Increasing understanding and engagement	79	123	207	201	868	87	1,565	2,297
Total charitable activities	161	253	391	379	1,636	179	2,999	5,228
Total	228	357	513	497	2,147	254	3,996	6,867
Basis of allocation	expenditure	expenditure	average FTE	FTE excluding visitor services	average FTE	expenditure		

Support costs include an element of staff costs amounting to £1,582,000 (£2,015,000 in 2020-21).

Staff costs

Total Staff costs

	2022	2021
	£000	£000
Wages and salaries	4,742	5,747
Pension costs	1,100	1,380
Social Security costs	437	559
Redundancy costs	24	63
Total employee costs	6,303	7,749
Agency staff costs	271	89
Total employee and agency staff costs	6,574	7,838

The above includes £1,189,178 of staff costs relating to staff working on capital projects that were capitalised in 2021-22 (£912,974 in 2020-21). The average number of full-time equivalent (FTE) staff directly employed on capital projects was 13 in 2021-22 (14 in 2020-21).

During 2020-21 the Gallery's use of the Coronavirus Job Retention Scheme (CJRS) was approved by DCMS. Use of this scheme continued in 2021-22; during 2021-22 a total of 114 permanent and casual employees were furloughed, and grants claimed under CJRS in 2021-22 total £167,000 (357 employees and £1,285,115 in 2020-21). The closure of the Gallery in March 2020 as a result of the Covid-19 pandemic negatively impacted the Gallery's ability to generate income, and so use of the CJRS has enabled the Gallery to retain staff whilst income has been disrupted.

The Gallery's average gender profile for the year is 26% male and 74% female in 2021-22 (28% male and 72% female in 2020-21). Of the Directors within the Gallery 9% are male, and 91% are female in 2020-21 (10% male, and 90% female in 2021-22).

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

	2022	2021
	No.	No.
£60,000 - £69,999	7	7
£70,000 - £79,999	1	2
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	0	0
£110,000 - £119,999	1	1
Total	11	12

10 of the staff earning more than £60,000 are members of a defined benefit pension scheme (11 in 2020-21); 1 is a member of the defined contribution pension scheme (1 in 2020-21). Further information on Director's and senior managers' pay can be found in the remuneration report on page 38.

The Trustees neither received nor waived any emoluments during the year (also in 2020-21). Expenses reimbursed or paid on behalf of Independent Committee Members for travel amounted to £nil (£nil in 2020-21).

£141,788 was spent on off-payroll workers during the year (£nil in 2020-21) as established by the FReM guidance, paragraph 6.5.31 and set out in the table on page 41 .

The average number of full-time equivalent (FTE) staff during the year was 127 (156 in 2020-21). Included within this total are 6 FTE staff on temporary contracts (10 in 2020-21) and 26 FTE staff on fixed-term contracts (31 in 2020-21).

Breakdown of average FTE staff by occupational group

	2022 No.	2021 No.
<i>Costs of raising funds</i>		
Costs of raising donations and legacies	9	13
Costs of fundraising trading	13	16
<i>Charitable activities</i>	72	91
<i>Other resources expended – support costs</i>	33	36
Total	127	156

Breakdown of Exit Packages

Exit package cost band	Number of compulsory redundancies 2022	Number of other redundancies agreed 2022	Total number of exit packages by cost band 2022	Total number of exit packages by cost band 2021
<£10,000	-	-	-	3
£10,000 - £50,000	-	2	2	2
£50,000 - £100,000	-	-	-	-
Total number of exit packages	-	-	-	5
Total cost/£000	£ -	£27	£27	£ 63
No. of exit packages repaid	-	1	1	-
Cost of exit packages repaid/£000	-	£3	£3	-
Total resource cost/£000	£ -	£24	£24	£ 63

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 2021-22, employers’ contributions of £1,250,296 were payable to the PCSPS (£1,532,264 in 2020-21) 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

2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £40,765 (£35,429 in 2020-21) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,473 (£1,272 in 2020-21), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions of £3,270 (£3,540 in 2020-21) were due to the partnership pension providers at the balance sheet date. There were no contributions prepaid at that date.

In 2021-22, £186,616 of pension contributions have been capitalised (£189,642 in 2020-21).

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

9. Intangible Assets

Group Assets

	Intangibles £000	Intangible Asset Under Construction £000	Total Intangible Assets £000
Value at 1 April 2021	-	-	-
Additions at cost	59	41	100
Gain/(Loss) on valuation	-	-	-
Disposals	-	-	-
Value at 31 March 2022	59	41	100
Amortisation at 1 April 2021	-	-	-
Charge for the year	15	-	15
Gain/(Loss) on valuation	-	-	-
Disposals	-	-	-
Amortisation at 31 March 2022	15	-	15
Net book value at 31 March 2022	44	41	85
Net book value at 31 March 2021	-	-	-

Intangible assets consist of Purchased software and Internally generated software.

10. Tangible assets

<u>Group & National Portrait Gallery Assets</u>						
	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2021	35,234	34,880	19,693	3,319	6,130	99,256
Additions at cost	-	16	1	349	14,281	14,647
Gain/(Loss) on valuation	-	1,704	658	-	-	2,362
Disposals	-	(730)	(1,830)	(181)	-	(2,741)
Value at 31 March 2022	35,234	35,870	18,522	3,487	20,411	113,524
Depreciation at 1 April 2021	-	9,276	4,724	2,979	-	16,979
Charge for the year	-	1,146	1,007	215	-	2,368
Gain/(Loss) on valuation	-	433	134	-	-	567
Disposals	-	(548)	(1,035)	(175)	-	(1,758)
Depreciation at 31 March 2022	-	10,307	4,830	3,019	-	18,156
Net book value at 31 March 2022	35,234	25,563	13,692	468	20,411	95,368
Net book value at 31 March 2021	35,234	25,604	14,969	340	6,130	82,277
<u>Prior year comparative:</u>						
	Land £000	Leasehold & Freehold Buildings £000	Plant & Machinery £000	Fixtures Fittings and Equipment £000	Asset Under Construction £000	Total Tangible Assets £000
Value at 1 April 2020	35,234	40,412	20,906	3,505	1,569	101,626
Additions at cost	-	-	129	269	4,561	4,959
Gain/(Loss) on valuation	-	(532)	(707)	-	-	(1,239)
Disposals	-	(5,000)	(635)	(455)	-	(6,090)
Value at 31 March 2021	35,234	34,880	19,693	3,319	6,130	99,256
Depreciation at 1 April 2020	-	10,400	4,029	3,227	-	17,656
Charge for the year	-	1,143	1,179	169	-	2,491
Gain/(Loss) on valuation	-	(120)	(126)	-	-	(246)
Disposals	-	(2,147)	(358)	(417)	-	(2,922)
Depreciation at 31 March 2021	-	9,276	4,724	2,979	-	16,979
Net book value at 31 March 2021	35,234	25,604	14,969	340	6,130	82,277
Net book value at 31 March 2020	35,234	30,012	16,877	278	1,569	83,970

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

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

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

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

At 31 March 2022, buildings, plant and machinery have been revalued using indices. The value of these assets is subject to additional estimation uncertainty in line with that attached to the desktop land valuation as a result of Covid-19. Appropriate Building Cost Information Service (BCIS) indices are used to adjust the carrying values of buildings, whilst Office for National Statistics indices are used to adjust the carrying values of plant and machinery.

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

Assets under construction of £20,411,000 (£6,130,000 in 2020-21) represent all costs incurred in relation to the capital element of the *Inspiring People* project, which is now in the delivery stage. During 2021-22, costs capitalised include professional fees and staff costs for those staff directly involved in the project, contractor payments, and borrowing costs of £22,195 (£7,000 in 2020-21). Costs relating to the Activity Plan element of the project have not been capitalised. The project is expected to be completed in 2023.

11. Heritage assets

Collection Cost and Valuation

	Value at 1 April 2021 £000	Additions £000	Value at 31 March 2022 £000
<i>Cost</i>			
Primary Collection	23,165	76	23,241
Reference Collection	67	2	69
Photographs Collection	761	49	810
<i>Valuation</i>			
Primary Collection	7,066	68	7,134
Reference Collection	3,174	40	3,214
Photographs Collection	838	197	1,035
Total	35,071	432	35,503

In the year 2021-22, 259 works (57 in 2020-21) were added to the Collection of which 47 were included at cost price (23 in 2020-21) and 212 have been valued (34 in 2020-21). There were no disposals of heritage assets in the period.

Five-year financial summary of heritage asset transactions

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
<i>Cost</i>					
Purchased assets	64	398	130	307	127
<i>Valuation</i>					
Donated assets	333	376	1,643	298	305
Total additions	397	774	1,773	605	432

Further Information on the National Portrait Gallery's Collection

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

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

Primary Collection

The National Portrait Gallery's Collection is among the largest and most prestigious collections of portraits in the world in all media. The Primary Collection of paintings, sculpture, miniatures, drawings, prints, photographs, silhouettes and mixed/new media works contains some 12,719 portraits of the most famous people in British history. Of these, 4,138 are paintings, sculptures and miniatures, approaching 60% of which are regularly displayed at the National Portrait Gallery or elsewhere. In addition, there are some 8,557 works on paper.

Reference Collection

There are more than 335,000 images in the Reference Collections, divided between the Photographs collection and the Archive and Library's Reference Collection of about 85,000 items, mainly prints but also 2,841 drawings, 78 paintings, 172 sculptures, and a small but growing collection of popular ceramics. The Reference Collection is used for study and exhibition, and has been extensively reproduced in books and other publications.

Photographs Collection

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

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

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.

Following a recent survey of the Gallery's negatives collection, 10 negatives from a collection of over 150,000 items were disposed of in July 2022 in line with the Collections Development Policy. Most of the sitters are also represented in the NPG's Collection as prints or in other mediums within the Collection. As these negatives were acquired prior to 2001, they have not been valued and therefore do not form part of the Heritage Asset balance at year end. Although this disposal does not lead to a material post-balance sheet adjustment, it is disclosed here as it is deemed material by nature.

Capitalisation of the Collection

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

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

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

	2022	2021
	£000	£000
Market value at 1 April 2021	11,930	9,438
Investment portfolio additions	-	-
Investment portfolio disposals	-	-
Investment Management Charges deducted	(9)	(2)
Gains on revaluation	538	2,494
Market value at 31 March 2022	12,459	11,930
Historical cost at 31 March 2022	6,840	6,840
Unrealised investment gains at 31 March 2022	5,619	5,090

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

The Master Portfolio (TMP)

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

The Master Portfolio is valued monthly at the month end value of the underlying assets within the fund, of which 24% 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.

Heinz legacy

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

The fixed asset investments are held outside the UK (also in 2020-21). Unrealised gains and losses are included in the Statement of Financial Activities.

Current asset investments

	2022	2021
	£000	£000
Market value at 1 April 2021	7,752	4,067
Investment portfolio additions	6,192	3,608
Investment portfolio disposals	(147)	(20)
Investment management charges deducted	(39)	(13)
(Losses)/Gains on revaluation	(140)	110
Market value at 31 March 2022	13,618	7,752
Historical cost at 31 March 2022	12,619	6,574
Unrealised investment gains at 31 March 2022	999	1,178

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

The investments are valued at the month-end value of the underlying assets, which are predominantly listed and market-priced. The non-listed element is approximately 9% of the value of current asset investments and is invested in a private property fund. The valuation of this property fund is carried out according to FCA rules.

Investment Portfolio

	2022 Market value £000	2021 Market value £000
<i>Investments in the UK</i>		
Government stocks (inflation linked gilts)	3,148	1,262
Real Assets (charities property fund)	816	677
Absolute return	1,189	-
<i>Investments held outside the UK</i>		
Government stocks (index-linked UK gilts and conventional UK gilts)	-	452
Corporate bonds	2,719	1,536
Absolute return	367	-
Cash	5,379	3,825
Total	13,618	7,752

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

13. Stock

Stock

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Goods for resale	360	325	-	262
Work in progress	-	63	-	63
Total	360	388	-	325

During 2021-22 all stock belonging to the National Portrait Gallery was transferred to the National Portrait Gallery Trading Company Ltd at the lower of cost and net realisable value.

14. Debtors

Debtors

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade debtors	128	152	80	139
Provision for bad debts	(14)	(25)	(12)	(17)
Subtotal	114	127	68	122
Amounts due from group companies	-	-	1,750	644
Other debtors	16	131	5	20
Prepayments	107	120	99	120
Accrued Museums & Galleries Exhibition Tax Relief income	683	942	683	942
Accrued income	1,448	643	1,448	640
VAT recoverable	805	499	805	499
Total	3,173	2,462	4,858	2,987

Museums & Galleries Exhibition Tax Relief income is claimed in arrears by the Gallery. During 2021-22 payment was received relating to 2018-19, and the accrued income remaining relates to 2019-20, 2020-21 and 2021-22. The receipt of the 2019-20 claim is expected in 2022-23.

15. Cash and liquid resources

Cash and liquid resources

Held at/in:	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Interest-bearing accounts	6,522	2,901	5,921	2,235
Cash and non-interest-bearing accounts	11,686	6,284	10,854	6,274
Total	18,208	9,185	16,775	8,509

Income from UK bank deposits

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Income from UK bank deposits	4	4	4	4
Total	4	4	4	4

16. Creditors

Creditors, amounts falling due within one year

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade creditors	633	579	610	552
Other creditors	635	281	627	272
Taxation and social security	284	317	284	317
Accruals	3,228	1,131	3,163	1,118
Deferred income	152	223	140	58
Total	4,932	2,531	4,824	2,317

Creditors, amounts falling due after more than one year

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Other creditors	8,837	5,028	8,837	5,028
Total	8,837	5,028	8,837	5,028

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, of which the first four instalments have been received as at the end of 2021-22. This loan will fund the forecast operational deficit during closure and cashflow for the *Inspiring People* project.

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

Deferred income

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Deferred income brought forward	223	642	58	610
Released in year	(211)	(617)	(58)	(610)
Deferred in year	140	198	140	58
Deferred income carried forward	152	223	140	58

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

Provisions

	Group		National Portrait Gallery	
	2022 £000	2021 £000	2022 £000	2021 £000
Provisions brought forward	14	1,019	14	1,019
Utilised in year	(1)	(1,019)	(1)	(1,019)
Released in year	-	-	-	-
Charged in year	10	14	10	14
Provisions carried forward	23	14	23	14

Provisions utilised during the year were for ticket refunds relating to cancelled exhibitions, as a result of Covid-19. The ticket refund provisions form the majority of the total provisions balance.

17. Leases

The National Portrait Gallery does not hold any finance leases.

At 31 March 2022, the National Portrait Gallery had annual commitments under non-cancellable operating leases as follows:

Leases for the Group

	Land and buildings £000	Other £000	2022 £000	2021 £000
<i>Leases expiring within</i>				
One year	283	11	294	305
Two to five years	-	3	3	289
More than five years	-	-	-	-
Total	283	14	297	594

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

18. Statement of funds

Statement of funds for the Group

2021-22	Opening Funds £000	Transfers £000	Income £000	Expenditure £000	Gains on revaluation £000	Gain on investment £000	Closing Funds £000
Unrestricted							
<i>Designated</i>							
Plant & Machinery, Fixtures & Fittings	1,620	402	346	(2,039)	-	-	329
Plant & Machinery revaluation reserve	13,689	(297)	-	-	524	-	13,916
Inspiring People Fund	5	(37)	32	-	-	-	-
Subtotal	15,314	68	378	(2,039)	524	-	14,245
<i>Unrestricted funds</i>	3,046	(6,739)	18,206	(10,043)	-	32	4,502
Total unrestricted funds	18,360	(6,671)	18,584	(12,082)	524	32	18,747
Restricted							
Asset Under Construction	6,130	14,281	-	-	-	-	20,411
Land & Buildings	17,260	551	-	(1,328)	-	-	16,483
Land & Buildings revaluation reserve	43,578	(535)	-	-	1,271	-	44,314
Heritage Assets	35,071	127	305	-	-	-	35,503
<i>Restricted reserves for the purchase of heritage assets:</i>							
Portrait Fund	10,791	(167)	-	(12)	-	318	10,930
Dame Helen Gardner Fund	9	-	-	-	-	-	9
Grants & Donations Fund for Acquisitions	83	32	-	-	-	-	115
Grants & Donations Fund for Inspiring People	6,462	(7,279)	15,891	(432)	-	-	14,642
Grants & Donations Fund for other activities	240	(329)	513	(123)	-	-	301
Total restricted income funds	119,624	6,681	16,709	(1,895)	1,271	318	142,708
Endowments							
Heinz Archive Fund	1,623	-	-	(17)	-	14	1,620
Heinz Acquisitions Fund	1,885	(10)	-	(2)	-	34	1,907
Total endowment funds	3,508	(10)	-	(19)	-	48	3,527
Total funds	141,492	-	35,293	(13,996)	1,795	398	164,982

Prior Year Statement of funds for the Group

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

Fair value reserve (investments) - movements

	As at 1 April 2021 £000	Unrealised gains under fair value £000	Realised gains under fair value £000	As at 31 March 2022 £000	Reserve fund net of FV at 31 March £000	Reserve fund incl. FV at 31 March £000
<i>Restricted</i>						
Portrait Fund	2,592	318	0	2,910	8,020	10,930
<i>Unrestricted</i>						
General fund	1,313	32	0	1,345	3,157	4,502

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

Designated funds

Funds designated for a particular use by the Trustees.

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

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

General funds

Funds available for general use.

Restricted funds

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

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

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

19. Analysis of net assets between funds

Funds balances at 31 March 2022 for the Group

	Unrestricted designated funds £000	Unrestricted general funds £000	Restricted funds £000	Endowment funds £000	Total 2022 £000	Total 2021 £000
Intangible and Tangible assets	14,245	-	81,208	-	95,453	82,277
Heritage assets	-	-	35,503	-	35,503	35,071
Fixed Investments	-	-	8,932	3,527	12,459	11,930
Net current assets	-	13,339	17,065	-	30,404	17,242
Long term creditors	-	(8,837)	-	-	(8,837)	(5,028)
Total net assets	14,245	4,502	142,708	3,527	164,982	141,492

20. Cash flow information

Reconciliation of net income to net cash inflow from operating activities

	<i>Notes</i>	2022 £000	2021 £000
Net income for the reporting period		21,695	6,029
Adjustments for:			
Amortisation charges	9	15	-
Depreciation charges	10	2,368	2,491
Loss on disposal of property, plant and equipment	10	983	3,168
Dividends and interest	15	(4)	(4)
Unrealised loss from changes in foreign currency exchange rates		16	21
Gain on investments	12	(398)	(2,604)
Investment management fees	12	49	15
Donations of works of art	11	(305)	(298)
Working capital movements:			
Decrease in stocks	13	28	76
Increase in debtors	14	(711)	(302)
Increase/(Decrease) in creditors	16	2,472	(900)
Increase/(Decrease) in provisions	16	9	(1,005)
Decrease in deferred income	16	(71)	(419)
Net cash inflow from operating activities		26,146	6,268

Analysis of cash and cash equivalents

	2022 £000	2021 £000
Balances held with commercial banks	18,205	9,183
Cash in hand	3	2
Cash balance at end of year	18,208	9,185

Analysis of changes in net debt

	At 31 March 2021 £000	Cash flows	Foreign exchange movements	At 31 Mar 2022 £000
Cash	9,185	9,007	16	18,208
Cash equivalents	-	-	-	-
Total	9,185	9,007	16	18,208
Loans falling due within 1 year	199	13	-	212
Loans falling due after more than 1 year	5,028	3,809	-	8,837
Total	5,227	3,822	-	9,049

21. Capital commitments

Capital Financial commitments

	2022	2021
	£000	£000
Capital expenditure contracted for, but not provided in the accounts	7,518	18,905
Acquisition of works of art contracted for, but not provided in the accounts	52	20
Total	7,570	18,925

Capital Opening and Closing Financial commitments

	Capital expenditure	Works of art
	£000	£000
Opening commitments at 31 March 2021	18,905	20
Less paid for during the year	(11,725)	-
Additional commitments	338	32
Closing commitments at 31 March 2022	7,518	52

Prior year comparative

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

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

Non-artwork capital commitments relate to the building works that form part of the *Inspiring People* project. Payments against these commitments, funded by donations and grants pledged to the project, are expected to take place until 2023. Subsequent to the year end, in May 2022, the Gallery entered into a further capital commitment of £4.8m relating to the building works. This is in addition to the numbers disclosed in the table above.

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

	2022	2021
	£000	£000
Fixed assets	-	-
Current assets	1,858	860
Current liabilities	(1,858)	(891)
Long-term liabilities	-	-
Net (liabilities)/assets	-	(31)
Capital and reserves	-	-
Total	-	(31)

Current assets include stock (goods for resale) of £359,652 (£63,328 in 2020-21).

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

	2022	2021
	£000	£000
Turnover	1,714	254
Cost of sales	(939)	(138)
Gross profit	775	116
Other income	-	-
Administrative expenses	(632)	(148)
Trading profit/(loss)	143	(32)
Interest receivable	-	1
Net contribution	143	(31)

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

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

Party	Nature of Relationship	Transaction	Income for the year ended 31 March 2022	Expenditure for the year ended 31 March 2022	Debtor balance as at 31 March 2022	Creditor balance as at 31 March 2022
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	£1,000,000	£0	£0	£0

Jeremy Sillem, a co-opted member of the Investment Committee, is a director and shareholder with Partners Capital LLP. Partners Capital LLP are the Gallery's investment advisors with £26.1m 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 £114,000 representing trade debtors (£127,000 in 2020-21), 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. In order to ensure that sufficient funds are available throughout the *Inspiring People* project, loans have been arranged with DCMS. The details of these loans can be found in Note 16. As a result, the National Portrait Gallery is not exposed to significant liquidity risks. There are sufficient funds to cover existing current liabilities.

Market risk

The National Portrait Gallery is not exposed to significant market risk from financial instruments. Interest and investment income represents less than 1% of the total incoming resources for the National Portrait Gallery (less than 1% in 2020-21). 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

The annual report and accounts were approved by the Accounting Officer and Trustees on 15 July 2022 and authorised for issue on the date they were certified by the Comptroller and Auditor General.

E02766837

978-1-5286-3561-5