

# Kew

ROYAL BOTANIC GARDENS

Royal Botanic Gardens, Kew

# Annual Report and Accounts

for the year ended 31 March 2014



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## **Royal Botanic Gardens, Kew**

Annual Report and Accounts for the year ended 31 March 2014

Presented to Parliament  
pursuant to Paragraphs 39(7) and 40(4)  
of Schedule 1 of the National Heritage Act 1983

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ROYAL BOTANIC GARDENS

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ROYAL BOTANIC GARDENS

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## Chairman's letter

Ever since its founding in 1759, the Royal Botanic Gardens, Kew (RBG Kew), its staff, Trustees, volunteers and students have made innumerable contributions to increasing the understanding and conservation of plants and fungi with many benefits for mankind. RBG Kew's science and conservation work helps to discover, describe and understand the world's plant and fungal diversity, safeguard the world's plant life for our future and promote the sustainable use of plants.

Plants are the backbone of all life on earth. Our understanding of the variety, biology and potential uses of these plants is developing but there remains far more for us to learn. 2013/14 saw many noteworthy achievements from RBG Kew.

In December 2013, RBG Kew entered into a new contract with The Global Crop Diversity Trust, for the seed collecting phase of the Adapting Agriculture to Climate Change Project. The genetic diversity found in the wild relatives of our crop species could provide vital characteristics that are largely absent from our key staple crops, such as resistance to pests and diseases, and the ability to thrive in drought conditions. A study<sup>1</sup> by Price Waterhouse Coopers (PWC) estimated the value of the crop wild relative varieties of 29 crops at \$120 billion over the next 10 years. Of those crop wild relatives stored within RBG Kew's Millennium Seedbank, PWC attributed an estimated value of between \$1.2 - 1.9 billion by 2020. Such economic values provide a powerful message as to the importance of plants and the contemporary relevance of RBG Kew's science and collections.

The Great Green Wall project, Technical and Management team, led by RBG Kew, evaluated its first year of implementation. This initiative is designed to establish a forest strip 15km deep by 8,000km long, stretching across the Sahel to halt the encroachment of the Sahara desert onto land that provides a lifeline for rural communities. The initial plantations made in 2013 cover 320 hectares and directly benefit c. 2,000 rural people.

A £35m project to restore the Temperate House took a step forward this year with the decantation of the facility. This project is planned for completion in 2018, to restore the largest Victorian glasshouse in the world, and to rejuvenate how we engage visitors with our collections, science and conservation work.

We secured £700,000 from the latest round of the Darwin Initiative funding scheme this year. Funded by the Department for Environment, Food and Rural Affairs (Defra), the Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO), the Darwin Initiative aims to assist countries that are rich in biodiversity, but poor in financial resources, to meet their objectives under the Convention on Biological Diversity. The successfully funded RBG Kew projects include those to develop forest management in Bolivia, and improve agricultural livelihoods in Madagascar.

We celebrated the signing of a Memorandum of Understanding between RBG Kew and the Indian Council of Agricultural Research. This 6-year collaboration will focus on training and joint research on underutilised native plant species with economic potential, including fruit trees, oil seeds and orchids.

Within the UK, our National Tree Seed project was launched on 10<sup>th</sup> May to establish the country's first national collection of tree seeds. With a host of new pests and diseases attacking our treescape, including ash dieback disease, it is essential that we protect our native tree species. Of the 50 collections made this year, the most significant were 24 collections of Juniper and 20 collections of Ash.

RBG Kew's volunteer guides were presented with the Queen's Award for Voluntary Service on 17<sup>th</sup> September. This is the most prestigious of all the awards that can be given to volunteer groups, providing an equivalent to an MBE (Member of the Order of the British Empire).

The above activities provide but a small window into the wide diversity of activities being undertaken at RBG Kew. Furthermore, such activities serve to draw attention to the immense potential of our collections, associated knowledge and expertise: they are unparalleled in the world.

As reported in the Director's foreword, 2013/14 has been an important and transitional year for RBG Kew, the work for which continues. I am aware of the stress this has placed on the organisation and its people and wish to record the Board's appreciation of the positive response which has been forthcoming. Nothing is more important than the objective of continuing to secure the future of RBG Kew as a world leading botanic garden and centre of plant science.

Finally, I am delighted to welcome Derek Myers and Ian Karet as new Trustees to RBG Kew. Following their retirement this year, my sincere thanks go to Tessa Green, Timothy Hornsby and Professor Mick Crawley for all they have done during their time as Trustees.



**Marcus Agius**

Chairman  
Trustees of the Royal Botanic Gardens, Kew

<sup>1</sup> This report was commissioned by RBG Kew's Millennium Seedbank (MSB) to provide substantiated independent evidence of the value of one specific part of the MSB collections. This report was delivered in June 2013 and is available at: <http://www.pwc.co.uk/sustainability-climate-change/publications/understanding-the-value-of-seeds.jhtml>

## Director, RBG Kew's foreword

2013/14 has been a year of major transition at RBG Kew. Our focus this year has been to start work on the long-term strategy for RBG Kew's science and public offer, and to secure a healthy financial future for RBG Kew.

As part of our new senior management structure, I am delighted to welcome Professor Kathy Willis as the Director of Science, Gay Coley as the Director of Public Programmes, Richard Barley as the Director of Horticulture, Kew, and Jill McLaughlin as the Director of Corporate Services. These new staff members are fundamental to the future success, ambition and reputation of RBG Kew.

We received over 1.7m visitors in 2013/14, representing a 25% increase on the previous year and a 5% increase on the last 5 year average. This signifies the promising rejuvenation of our visitor proposition, generating excitement through new festivals such as the IncrEdibles, and our Christmas at Kew festival, which won 'Innovative Enterprise of the Year' at the Association of Cultural Enterprises Annual Awards.

We have completed the first phase of the development of the Science Strategy, following an assessment of RBG Kew's unique scientific assets, our future priorities, and the resources we need to continue to deliver world class science in these priority areas. The Science Strategy is due to be completed in 2014/15.

I am thankful to Defra for their continued support, having received Grant-in-Aid of £14.4m in 2013/14 (excluding funding for our Temperate House, IT, Estates, Millennium Seed Bank and other projects, which represented a further £13.6m). As well as delivering against our statutory functions (see page 6), our activities contribute to Defra's key priorities to improve the environment, safeguard plant health and grow the rural economy.

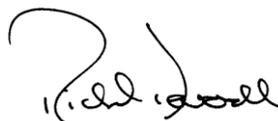
In addition to increasing our visitor numbers, RBG Kew generates funding from a wide array of activities that utilise our world class living collections, plant knowledge and expertise.

The Kew Innovation Unit (KIU) has continued to increase the portfolio of clients we are working with, to include such organisations as South East Water, Toyota, African Minerals, Minera Panama and Arup. The KIU was a winner of the Intellectual Property Office's 2014 Fast Forward competition for a project to support plant breeders by applying our expertise in conservation work to the needs of the horticultural industry. In addition, the food sector is an area of increasing potential, with RBG Kew signing a licence agreement with Taylors of Harrogate for the launch of a new range of fruit and herbal teas.

We successfully agreed a new business plan with the National Trust this year, to ensure the long term sustainability of Wakehurst Place. We have introduced car parking charges at Wakehurst Place. These were announced in February 2014, and whilst controversial, are essential if Wakehurst Place is to continue to thrive as an outstanding botanical collection and horticultural gem. We are grateful to the National Trust for their constructive engagement in this matter.

2013/14 has also been a record year for the Kew Foundation. I thank them sincerely for their wonderful and invaluable support for Kew and, through them, my thanks extend to the many individuals, corporations and trusts whose philanthropic generosity is so important to Kew.

Finally, I should like to recognise and express my appreciation to all of the staff, Trustees, volunteers and students at RBG Kew for their efforts and support during an important year for Kew.



**Richard Deverell**  
Director  
Royal Botanic Gardens, Kew

## Management commentary

### Statutory Functions

Subject to the provisions of the National Heritage Act 1983 the general functions of the Board of Trustees of the Royal Botanic Gardens, Kew are to:

- carry out investigation and research into the science of plants and related subjects, and disseminate the results of the investigation and research;
- provide advice, instruction and education in relation to those aspects of the science of plants with which the Board is for the time being, in fact concerned;
- provide other services (including quarantine) in relation to plants;
- care for its collections of plants, preserved plant material, other objects relating to plants, books and records;
- keep the collections as national reference collections, ensure that they are available to persons for the purposes of study, and add to and adapt them as scientific needs and the Board's resources allow; and
- afford to members of the public opportunities to enter any land occupied or managed by the Board, for the purpose of gaining knowledge and enjoyment from the Board's collections.

## Management commentary continued

## Performance targets and results 2013/14

PI Number	Key Performance Indicator	Outcome 2012/13	Target 13/14	Outcome 2013/14	% change in target vs last yr	% outcome vs target***
1	Number of publications in high impact journals	118	125	138	+5.9%	+10%
2	Total number of publications	323	350	352	+8.4%	+1%
3	Number of collection items digitised (new) and accessible to researchers globally through international informatics initiatives such as GBIF, Europeana, JSTOR Global Plant or Biodiversity Heritage Library	96,008	117,000	122,830	+21.9%	+5%
4	Use of online science resources (collections and plant name repositories)	2.626m Estimate based on calendar year	*	3.616m Estimate based on calendar year	*	*
5	Number of specimens provided (digital & physical)	27,532	28,000	26,122	+1.7%	-7%
6	Number of visitor admissions Kew and Wakehurst (m)	1.363	1.548	1.702	+13.6%	+10%
7	% of self generated income against target reached	87%	100%	95%	0	-5%
8	Achievement of planned maintenance on historic buildings	**	**	**	**	**
9	% workforce completed mandatory training	77%	90%	79%	n/a	-12%
10	% reduction in carbon dioxide emissions	4%	12%	13%	+200%	+8%
11	Training delivered externally (days)	26,413	20,000	26,161	-24.2%	+31%

\* An initial target against this KPI was not set in 2013/14; the criteria to define this KPI formed were agreed following the recruitment of the Director of Science on 1<sup>st</sup> November 2013

\*\*Data was not collected against this KPI in the year indicated. The operation of this KPI relies on accurate Forward Maintenance and Replacement Programme and Quinquennial data for both Kew and Wakehurst Place. This work was completed at the Kew site in 2013/14 but not at the Wakehurst Place site. A target for this KPI was not set in 2013/14, for it is necessary to consolidate and review the data at both sites to develop an accurate KPI target figure.

\*\*\* Positive variances indicate over-achievement and negative variances denote under-achievement

n/a means not applicable – see commentary for further detail

## Performance over five years

KPI Number	Key Performance Indicator	Outcome 2009/10	Outcome 2010/11	Outcome 2011/12	Outcome 2012/13	Outcome 2013/14
1	Number of publications in high impact journals	116	82	120	118	138
2	Total number of publications	380	356	388	323	352
3	Number of collection items digitised (new) and accessible to researchers globally through international informatics initiatives such as GBIF, Europeana, JSTOR Global Plant or Biodiversity Heritage Library	60,487	52,393	69,813	96,008	122,830
4	Use of online science resources (collections and plant name repositories) (new)	*	*	*	2.626m Estimate based on calendar year	3.616m Estimate based on calendar year
5	Number of specimens provided (digital & physical)	*	*	*	27,532	26,547
6	Number of visitor admissions Kew and Wakehurst (m)	1.701m	1.630m	1.688m	1.363m	1.702m
7	% of self generated income against target	*	*	*	87%	95%
8	Achievement of planned maintenance on historic buildings	*	*	*	*	*
9	% workforce completed mandatory training (new)	*	*	*	77%	79%
10	% reduction in carbon dioxide emissions	*	*	6%	4%	13%
11	Training delivered externally (days)	*	*	23,991	26,413	26,161

Visitor figures also include events such as concerts, evening attractions, etc.

Total and high impact Publications were recorded by financial year from 2012/13 and by calendar year prior to 2012/13

\* Data was not collected against this KPI in the year indicated.

## Management commentary continued

## Commentary on performance targets and results 2013/14

**1. Number of publications in high impact journals**

The increasingly successful rate of publication in higher-impact journals continues to indicate that we are successfully focusing our publication output on getting our results into journals with better visibility and impact.

**2. Total number of publications**

The fact that the total publication number was on target this year whereas last year was down by 16% can be attributed to the publication schedules/backlogs at the large number of journals in which we publish. In this year for the first time, we included articles that were available online early rather than just when hard copy appeared; this will have compressed the publication period between submission and publication, resulting in more papers being published this year.

**3. Number of collection items digitised (new) and accessible to researchers globally through international informatics initiatives such as GBIF, Europeana, JSTOR Global Plant or Biodiversity Heritage Library**

The ambitious target for this year (117,000) was surpassed. The records added to the Herbarium Catalogue included: data from almost 30,000 specimens resulting from Kew's work in Cameroon over recent years; over 27,000 records with images of type specimens created as part of the Andrew W. Mellon funded Global Plants Initiative; over 26,000 records with images captured for the Brazilian data sharing project Reflora; and almost 10,000 specimen records of Ferns and Lamiaceae, many captured by Kew volunteers over the past decade. As a founder member of the Biodiversity Heritage Library Kew started this year to contribute digitised content to the BHL, with *Index Kewensis* being the first work to be included. The digitised letters from the Directors Correspondence Collection, contributed to Jstor, are now the most used original manuscript source on that heavily used service.

**4. Use of online science resources (collections and plant name repositories)**

This was a new measure following a review of KPIs. It is based on a selection of Kew's most used databases: the International Plant Name Index (IPNI), The Plant List, World Checklist of Selected Plant Families, Herbarium Catalogue and Seed Information Database. It is measured by the number of visits to these resources. This year saw the release of Version 1.1 of The Plant List, the resource receiving over 2.25 million site visits from over 1.25m unique visitors. The definition of this KPI was established during second half of 2013/14. Following the clarification of this KPI, a retrospective assessment of the outcome figure for the year was calculated, and as such, a target was not set for the year. Moving forward, a target figure for this KPI will be set for 2014/15.

**5. Number of specimens provided (digital & physical)**

This KPI was adjusted following review in 2013/14. It is based on the number of DNA, seed, living plant, economic botany, herbarium and library collections being sent out for study as loans or as samples. This year's total is close to target (28,000), with the shortfall (7%) attributed to the natural variation in the number of requests made for digital and physical specimens. The total includes over 22,000 herbarium specimens and a loan of 20 Japanese papers (*washi*) collected by Sir Harry Parkes in

1870 which was the centrepiece of an exhibition of *washi* at Norwich University of the Arts' Gallery in March-April 2013.

The Library made the largest ever single loan Kew has made to an overseas exhibition, lending 112 items to the "English Garden Exhibition" which will tour Japan through 9 venues until June 2016.

**6. Number of visitor admissions Kew and Wakehurst**

The number of visitor admissions is 10% ahead of our target for 2013/14, 25% ahead of the outcome in 2012/13 and represents a 5% increase on the last 5 year average. These positive outcomes represent RBG Kew's focus on high quality visitor attractions based on world class horticulture, a rejuvenated visitor proposition, with new and exciting festivals at Kew such as the *IncrEdibles* and 'Christmas at Kew' and an overall improvement in weather conditions in comparison to the previous year which significantly impacts the number of visitor admissions.

**7. % of self-generated income against target**

Whilst the total number of visitors to RBG Kew was 10% more than our target this year, the number of day paying visitors to the Kew site was 9% less than budget, thereby reducing our total self-generated income; with the separate income from members being managed and attributed to the Kew Foundation. This key performance indicator reflects all income excluding Defra funding. It includes admissions income, unrestricted funding from the Foundation, project income and income from Kew Enterprises and the Kew Innovation Unit.

**8. Achievement of planned maintenance on historic buildings**

The processes to collate data against this KPI were not established in 2013/14. The operation of this KPI relies on accurate Fixed Maintenance Register and Quinquennial data for both Kew and Wakehurst Place. The combined collation of data for both Kew and Wakehurst Place is due for completion by the 1<sup>st</sup> May 2014. A further three months will then be required to consolidate and review the data. This meant that a target KPI figure was not set in 2013/14 as originally planned. Following the consolidation and review of data, an accurate target figure for use as the Heritage Backlog indicator will become available.

**9. % workforce completed mandatory training**

The 2013/14 figure represents a slight improvement on 2012/13 but is below target. This training, in counter fraud, protecting information and anti bribery, is completed by e-learning and staff needed to undertake an online test and achieve a pass mark in order to demonstrate learning. Gaining computer time/access to complete mandatory training is still a challenge in some areas, which resulted in a lower outcome than expected, and a review is underway to determine the most suitable method to address this. We will have reviewed this and put actions in place to meet the need for computer time/access to complete the training by September 2014.

**10. % reduction in carbon dioxide emissions from baseline 09/10**

RBG Kew has outperformed its 2013/14 target, achieving a 13% reduction in CO<sub>2</sub> emissions against a 2009/10 baseline. The programme of work for this year has focused on ensuring tighter control of building temperatures and optimising the building management system (BMS, used to control all majority heating, ventilation, air conditioning systems across site). Elsewhere, highlights include increase in electricity generated on site by the Combined Heat and Power and installation of new BMS in Climbers and Creepers. Milder winter conditions have contributed to reduced natural gas and gas oil use across Kew and Wakehurst Place.

**11. Training delivered externally (days)**

A very positive outcome, at 31% over the target for 2013/14. The target had decreased for 2013/14 in comparison to the previous year as there were expected to be fewer Seed Conservation training courses. The courses proved more popular than originally expected, and RBG Kew plans to continue providing these seed conservation courses in 2014/15. In addition, CPD (Continuing Professional Development) courses proved popular in 2013/14, which can be attributed to the improved communication of available CPD courses within the organisation.

## Health and safety statement

RBG Kew recognises the importance of managing health and safety risks; both on its sites at Kew Gardens and Wakehurst Place and as part of the work carried out by its employees off site.

The living collections and natural landscape held by RBG Kew introduce a certain degree of inherent risk. RBG Kew's Health and Safety Statement of Intent makes clear the commitment of the Trustees to mitigate these risks to an acceptable level and ensure a safe environment for their employees and visitors, and any other person who may be affected by their undertaking.

RBG Kew's Health and Safety Committee meets four times a year. This Committee reviews current health and safety arrangements and sets direction for the organisation. This Committee is chaired by the Director of Kew and includes representatives of the three recognised Trade Unions, a representative from the Departmental Health and Safety Coordinators as well as the corporate health and safety management team.

RBG Kew also has Corporate Health and Safety Objectives, Corporate Health and Safety KPIs and a Corporate Health and Safety Risk Register.

In the reporting year April 2013 to March 2014, there were 4 RIDDOR reportable incidents at Kew Gardens, 1 involving staff and 3 involving a member of the public. At Wakehurst Place there have been no RIDDOR reportable incidents.

No enforcement notices have been served on RBG Kew, nor were there any convictions for H&S offences.

## Diversity and equality statement

Kew is committed to ensuring all staff and visitors are treated fairly and equally. We value and respect diversity and strive to promote an inclusive culture. Achievements this year have included:

- An 89% response rate from employees to the Staff Survey in Autumn 2013. The data gathered will inform our employee diversity and equality plans going forward.
- The continuation of Disability & Equality training in Kew's induction programme for staff and students. Specialist training is also provided in specific work areas to enhance skills.
- The continued engagement with our external Access Forum. The Forum advised on the IncrEdibles Festival programmes, Christmas at Kew and a new large print map and leaflet.
- The continuation of our free entry scheme for community groups and organisations with special needs. This year we provided entry to 230 organisations.
- The Discovery programme which offers bus and walking tours for groups and individuals with particular needs due to limited mobility, sight loss, learning disability and deafness. This financial year, our specially trained volunteer guides have completed over 50 bus tours and 10 walking tours.

- Recruitment of three volunteer British Sign Language (BSL) Interpreters. Our BSL Introductory Tour of Kew will be trialled in April 2014.
- Working with 'third sector' colleagues to provide assisted volunteering placements for people who may have some sort of additional need or disability. Last year these placements accounted for over 10% of our horticultural volunteer placements.
- Working with Age UK and Hounslow Senior People's Trust, English for Speakers of Other Languages (ESOL) providers, care homes, charities for the homeless, youth projects and community art schemes to deliver engagement opportunities to over 500 participants from hard to reach audiences.

## Volunteering statement

RBG Kew recognises the vital and integral role played by volunteers in our work and the value they contribute to the Kew community. This year we celebrated our 21<sup>st</sup> anniversary of volunteer guiding at Kew. Kew's volunteer guides were presented with the Queen's Award for Voluntary Service on 17<sup>th</sup> September. This is the most prestigious of all the awards which can be given to volunteer groups, providing an equivalent to an MBE. The award is given for outstanding achievement by groups of volunteers who regularly devote their time to helping others in the community, improving the quality of life and opportunity for others and providing an outstanding service.

In 2013/14 our 570 volunteers donated a range of diverse skills and in excess of 91,760 hours to Kew, a number which has almost trebled in the last six years. Although this equates to a value of c. £1.3 million that the organisation would have had to spend on an equivalent contribution of staff time, more important still is all the qualitative data and feedback that we receive concerning the value that our volunteer task force brings to Kew. One of the key quantitative indicators of our volunteers' value to our organisation is the 'Volunteer Investment and Value Audit' (VIVA Ratio), which demonstrates that for every £1 the organisation invests in our volunteering programme, we receive over £9 in return.

Kew has a record of working with volunteers since 1992 with a consistent volunteer retention rate of over 85% year on year and 89% this financial year. Our traditional volunteer roles include horticultural support, guiding and support to our schools, families and science programmes as well as the valuable contribution made by circa 60 Honorary Researchers/Associates. We also provide short term 18+ work experience placements and internships in conjunction with various agencies and educational establishments which last year totalled nearly 20,000 of total volunteer hours. In addition we promote environmental volunteering by hosting 'Employee Volunteering Days' for the corporate sector. Last year 166 volunteers took part in corporate volunteering activities over 9 days.

Since 2010, Kew's strategy for the development of volunteering in the organisation and the formation of our Volunteer Steering Group has helped steer the continued development of our volunteering programmes in a common, consistent, equitable and sustainable way.

Kew volunteers give us the two most valuable gifts they can, their time and their talent, and for that we celebrate and thank them. As a small token of appreciation, Kew awarded bronze, silver and gold badges to long service volunteers who have given us over 5, 10 and 20 years of service respectively, as at the end of 2013, together with a letter of thanks from our Director.

## Management commentary continued

### Board of Trustees

The membership of the Board of Trustees during the year is as follows. One Trustee is appointed by the Queen; the Chairman and other Trustees are appointed by the Secretary of State for Environment, Food and Rural Affairs.

### Chairman

Marcus Agius <sup>f, r, v</sup>

George Loudon <sup>f, r</sup> Appointed by Her Majesty The Queen

### Trustees

Professor Michael Crawley <sup>FRS</sup> <sub>s</sub> (term ended 31<sup>st</sup> March 2014)

Professor Jonathan Drori <sup>CBE</sup> <sub>f, r, v</sub>

Tessa Green <sup>v</sup> <sub>CBE</sub> (term ended 31<sup>st</sup> March 2014)

Dr Geoffrey Hawtin <sub>s</sub>

Timothy Hornsby <sup>CBE</sup> <sub>a</sub> (term ended 30<sup>th</sup> August 2013)

Sir Henry Keswick

Professor Nicola Spence <sub>s</sub>

Jennifer Ullman <sub>a</sub>

Sir Ralph Ferrers Vyvyan <sub>v</sub>

Professor Malcolm Press <sub>s, a</sub>

Ian Karet (term began on 31<sup>st</sup> March 2014)

Derek Myers <sub>a</sub> (term began 1<sup>st</sup> September 2013)

<sup>a</sup> Audit and Risk Committee

<sup>f</sup> Finance Committee

<sup>r</sup> Remuneration and Nominations Committee

<sup>s</sup> Science and Conservation Committee

<sup>v</sup> Visitor Experience Committee

In addition, Richard Keys acts as an independent, non-Trustee member of the Audit and Risk Committee and Tim Pennington as a non-Trustee member of the Finance Committee.

On appointment Trustees are briefed by Defra and offered induction by Kew to learn about the diverse areas of activity.

The Board of Trustees is responsible for agreeing the strategy of the organisation through approval of the Business Plan and the budgets. The development of the Business Plan includes submission to the Department for Environment, Food and Rural Affairs. The Director is responsible for developing and implementing the strategy and for the day to day operation of the organisation in conjunction with the Executive Board.

The following tables show the attendance records for the Board of Trustees and its Committees

Visitor Experience Committee – Attendance		
Committee Member	25/11/13	12/05/14
Mr Marcus Agius	Yes	Yes
Professor Jonathan Drori	Yes	Yes
Mrs Tessa Green	No	n/a
Sir Ferrers Vyvyan	Yes	Yes

Board of Trustees – Attendance				
Trustee	13/07/13	26/09/13	21/11/13	05/02/14
Mr Marcus Agius	Yes	Yes	Yes	Yes
Professor Michael Crawley	Yes	Yes	Yes	No
Professor Jonathan Drori	Yes	Yes	Yes	Yes
Mrs Tessa Green	Yes	Yes	Yes	No
Dr Geoffrey Hawtin	Yes	Yes	No	No
Mr Timothy Hornsby	Yes	n/a	n/a	n/a
Mr George Loudon	Yes	Yes	Yes	Yes
Professor Nicola Spence	Yes	Yes	Yes	Yes
Malcolm Press	Yes	Yes	Yes	Yes
Ms Jennifer Ullman	Yes	Yes	Yes	Yes
Sir Ferrers Vyvyan	No	Yes	Yes	Yes
Sir Henry Keswick	Yes	Yes	Yes	No
Mr Derek Myers	n/a	Yes	Yes	No

Audit and Risk Committee – Attendance					
Committee Member	22/05/13	12/09/13	10/12/13	18/03/14	28/05/14
Mr Timothy Hornsby	Yes	n/a	n/a	n/a	n/a
Ms Jennifer Ullman	Yes	Yes	Yes	No	Yes
Mr Richard Keys	Yes	No	Yes	Yes	No
Professor Malcolm Press	No	Yes	No	Yes	Yes
Mr Derek Myers	n/a	Yes	Yes	Yes	Yes

Finance Committee – Attendance					
Committee Member	02/05/13	16/07/13	04/11/13	04/02/14	14/05/14
Mr Marcus Agius	Yes	Yes	Yes	No	Yes
Professor Jonathan Drori	Yes	Yes	Yes	Yes	Yes
Mr George Loudon	Yes	Yes	Yes	Yes	Yes
Mr Tim Pennington	Yes	Yes	Yes	Yes	No

Science & Conservation Committee – Attendance		
Committee Member	09/05/13	27/01/14
Professor Mick Crawley	No	Yes
Dr Geoffrey Hawtin	Yes	Yes
Professor Nicola Spence	Yes	Yes
Professor Malcolm Press	Yes	No

Remuneration and Nominations Committee – Attendance	
Committee Member	16/04/13
Mr Marcus Agius	Yes
Professor Jonathan Drori	Yes
Mr George Loudon	Yes
Professor Nicola Spence	Yes

## Management commentary continued

### Statutory information

#### History of the body and statutory background

The Board of Trustees of the Royal Botanic Gardens, Kew was established under the National Heritage Act 1983 and came into existence on 8 August 1983. From 1 April 1984 responsibility for the Royal Botanic Gardens, Kew was transferred from the Minister of Agriculture, Fisheries and Food (now Secretary of State for Environment, Food and Rural Affairs) to the Board of Trustees. Kew is a Non-Departmental Public Body with exempt charitable status.

#### Results

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs, with the approval of Treasury, under Schedule I Part IV subsection 39(4) of the National Heritage Act 1983 and on the basis of the accounting policies set out in Note 2.

Total incoming resources for the year were £59.7m (2012/13 £59.8m) of which £28.0m (£32.5m) was Grant-in-aid from the Department for Environment, Food and Rural Affairs. Total resources expended were £57.1m (£58.5m) leaving a surplus of £2.6m (surplus £1.3m).

The surplus of £2.6m consisted of a (£1.0m) deficit on the unrestricted general other reserve, offset by a surplus totalling £3.6m on the unrestricted capital and capital revaluation reserves, reflecting capital funds to be offset by future depreciation on assets purchased.

Total reserves increased to £141.7m (£130.3m). These include a revaluation reserve of £83.3m (£75.3m) to reflect the value of certain land and buildings to which the Trustees do not have title.

#### Land and buildings

The Board of Trustees do not hold title to the land and buildings used by the Royal Botanic Gardens, Kew, except for the Wellcome Trust Millennium Building and adjacent land at Wakehurst Place, including Havelock Farm, 35 acres of land purchased by RBG Kew in 2012, located in the centre of the existing Wakehurst estate; the National Trust owns the freehold of the remaining land at Wakehurst Place. The land and buildings at the Kew Gardens site are owned by the Crown. The Board exercises the management and maintenance functions on behalf of the Minister in relation to the properties used. Information on land and buildings can be seen in Note 11.

#### Other fixed assets

Significant changes in other fixed assets are shown in Notes 10 and 11.

#### Investments

Investments are detailed in Note 12 and are held in accordance with the Trustees' powers. Due to the limited investment funds available the Accounting Officer and Trustees consider the Charities Official Investment Fund provides an adequate balance between risk and reward.

#### Payment to creditors

It is Kew's policy to settle all invoices with its creditors within 30 days unless otherwise specified in the contract, and to observe the principles of CBI Code – Prompt.

During 2013/14 Kew settled its debts on average in 27 days (2012/13 22 days).

#### Reserves

The Reserves of the organisation are explained in Note 2 of the Accounts. The Board has agreed that the unrestricted part of the General Reserves should not fall below a minimum of £3.0m to give the organisation the flexibility to cope with fluctuations in income streams and unforeseen expenditure. The Reserves Policy is reviewed on an annual basis. At present this fund stands at £4.0m (£5.0m in 2013) and may be used to partly fund any short term shortfall in income and to meet major capital needs in the future.

#### Research and development

The Royal Botanic Gardens, Kew is a world-leading organisation with over 250 staff (at 31<sup>st</sup> March 2014) working on the scientific understanding and conservation of plants and fungi. This activity covers the full range of botanic and mycological science from molecular biology to horticulture and its aim is to guide all its work so that it will produce outcomes in conservation and sustainability that benefit humanity.

Kew aims to maximise its impact through partnerships and collaboration with universities, botanic gardens, conservation organisations, industry and government. Kew holds a range of botanic and mycological collections and data that are of global importance and it aims to enhance digital access to these resources so that they can be used more effectively and rapidly at the point of need.

#### Foundation and Friends of the Royal Botanic Gardens, Kew

The Foundation and Friends of the Royal Botanic Gardens, Kew is a registered charity (registration no. 803428) which is independently administered. Its purpose is to provide support for RBG Kew by the raising of funds for RBG Kew's activities. It does this by attracting sponsorship for projects and through an active and growing membership, committed volunteers and by enhancing awareness of RBG Kew's work. There are common trustees on the Foundation and RBG Kew's Board – see Note 23. The Board of the Foundation includes 12 Trustees that are not related to RBG Kew Trustees. The Foundation is a company limited by guarantee and a charity registered with the Charity Commission, which means the Foundation is a distinct entity to RBG Kew and not under RBG Kew's control, and therefore the Foundation is not consolidated into the RBG Group accounts.

#### RBG Kew Enterprises Limited

RBG Kew owns 100% of the issued share capital of RBG Kew Enterprises Limited. This company carries out the following activities of Kew: retailing, concerts, events, licensing and venue hire. Its results have been fully consolidated into the accounts of RBG Kew.

## Management commentary continued

## Statutory information continued

**Director**

From 17 September 2012, Richard Deverell was the Director of RBG Kew.

**Internal audit**

The Board has appointed internal auditors who report to an Audit and Risk Committee, constituted from members of the Board of Trustees, together with an independent non-Trustee member, and to the Director as Accounting Officer.

The internal auditors review RBG Kew's systems of internal control and risk management and make recommendations for improvements through detailed reports on areas covered and an annual report summarising their work.

**Advisors****Bankers**

The Royal Bank of Scotland, 26a The Quadrant Richmond Surrey, TW9 1DF

**Auditor**

(Kew and RBG Kew Enterprises Ltd)  
Comptroller and Auditor General,  
National Audit Office, 157–197 Buckingham Palace Road,  
London, SW1W 9SP

**Solicitors**

Burges Salmon LLP Narrow Quay House Narrow Quay Bristol, BS1 4AH

**Disabled persons**

RBG Kew supports the employment of disabled people wherever possible, by recruitment, by retaining all those who become disabled during their employment, and generally through training, career development and promotion.

**Sickness absence**

The average number of days sickness for staff in 2013/14 was 5.3 (6.5 in 2012/13).

**Personal data related incidents**

RBG Kew is not aware of any personal data related incidents during 2013/14. We continue to focus on improving our systems in this area.

**Employee involvement**

Consultations take place with employees' representatives so that the views of employees may be taken into account in making decisions which are likely to affect their interests.

**Going concern**

The Trustees have considered the factors that may influence the organisation in the next 12 months, in particular the agreed Grant-in-aid from Defra for 2014/15, and believe that it is appropriate to prepare the accounts on a going concern basis. For further detail see the section on the highlights and challenges faced in 2013/14 (p17) and the section on Key Risks (p21) within the Governance Statement.

**The Accounting Officer and Board of Trustees confirm:**

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.


**Marcus Agius**

Chairman of the Board of Trustees

12 June 2014


**Richard Deverell**

Director

12 June 2014

## Statement of Trustees' and Accounting Officer's responsibilities

Under Schedule 1 Part IV subsection 39(2) National Heritage Act 1983 the Board of Trustees of the Royal Botanic Gardens, Kew is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Environment, Food and Rural Affairs, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Royal Botanic Gardens, Kew's and the group's state of affairs at the year end and of the group's incoming resources, application of resources and cash flows for the financial year. In preparing the accounts the Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- **observe the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;**
- **make judgements and estimates on a reasonable basis;**
- **state whether applicable accounting standards 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 a going concern basis.**

The Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Director of the Royal Botanic Gardens, Kew as the Accounting Officer for the Royal Botanic Gardens, Kew. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Royal Botanic Gardens, Kew's assets, are set out in the Accounting Officers Memorandum issued by the Treasury and published in Managing Public Money.

# Governance Statement

## Purpose

Corporate governance can be defined as the way in which organisations are directed, controlled and managed, and an effective system of corporate governance is an essential factor in enabling an organisation to achieve its mission, aims and objectives and to satisfy the needs of its key stakeholders.

An exempt charity and a public body with a range of statutory obligations, RBG Kew is a world leader in plant and fungal science with a range of international conservation programmes. It is also the steward of renowned botanical gardens and a World Heritage Site, attracting some one to two million visitors a year. With such a diverse and important base of stakeholders, a high standard of corporate governance is, therefore, essential. This Statement sets out the arrangements RBG Kew has in place and reports on the effectiveness of the arrangements and the key activities and issues which have arisen since the last report.

RBG Kew was founded as a Royal Garden in 1759. Under the National Heritage Act 1983 it became an Executive Non-Departmental Public Body (NDPB) and a corporate body with exempt charitable status operating under a Board of Trustees and a Director.

As an Executive NDPB, RBG Kew operates at “arms length” from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra). Defra’s role is a strategic one, and a Defra Management Statement and Financial Memorandum has been agreed between Defra and the RBG Kew Board of Trustees, to provide for the proper management of RBG Kew and to ensure that public funds (Grant-in-Aid, admissions and related income, etc) are used appropriately and effectively. A new Framework Agreement between Defra and RBG Kew, has been under development through 2013/14 and will replace these two documents.

RBG Kew operates to a Corporate Governance Framework that is based on the seven core principles (“the Nolan Principles”) of good governance for public services. Through this Framework, RBG Kew complies with the Cabinet Office “Corporate Governance in Central Government Departments: Code of Good Practice” and the “Principles of Good Governance in Executive NDPBs” as they apply to RBG Kew.

## 1. Governance Arrangements

### The Board of Trustees

The Board of Trustees is responsible for determining the strategy of the organisation and ensuring that RBG Kew has appropriate policies and procedures to fulfil its statutory and administrative obligations with regard to the use of public funds. The Board meets four times a year, and additionally when necessary, to consider all matters relating to the overall control, business performance and strategy of RBG Kew. A joint Strategic Away day is also held once a year, along with the Trustees of the Kew Foundation.

The twelve Trustees of RBG Kew have been selected to provide an appropriate balance of skills, experience, independence and knowledge to discharge their duties effectively. 11 have been appointed by the Secretary of State, Defra, and one by HM The Queen. The recruitment of trustees is regulated by the Office of the Commissioner for Public Appointments (OCPA) and conducted through fair and open competition.

As per the Terms of Reference for the Board, the main responsibilities include:

- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets and by ensuring corrective action is taken where necessary;
- ensuring that funds raised independently are used appropriately in accordance with corporate/business plans;
- ensuring that, in reaching decisions, the Board has taken into account any guidance issued to the Board by the sponsor department; and
- determine and approve corporate/business plans and Annual Reports and Accounts before their submission to the Secretary of State.

The standard agenda items include a regular report from the Director covering major strategic issues and reporting on progress against Corporate Strategies, the approval of Minutes from Committee meetings and any Declarations of Interest.

In addition to the above responsibilities, the Board has also considered the following significant matters in 2013/14:

- a project to modernise RBG Kew’s Finance, HR and Procurement back office systems;
- cost reductions and control measures, in light of RBG Kew’s 2013/14 Budget;
- RBG Kew’s relationship with Defra and the development of the Framework Agreement with Defra;
- negotiations with the National Trust regarding the Wakehurst Place business model.
- results of the staff survey;
- development of the Public Programmes Strategy;
- Kew’s Grow Wild project; and
- review of membership, roles and terms of references for the Board and its Committees.

### Highlights and Challenges

A selection of the key highlights and challenges faced in 2013/14 is provided below.

The appointment of the following four Directors to RBG Kew through full, fair and open competition:

- Jill McLaughlin as Director of Corporate Services on 1<sup>st</sup> July 2013. Jill had held this post as Interim Director prior to her permanent appointment;
- Richard Barley as Director of Horticulture, Kew on 5<sup>th</sup> August 2013. This was a newly created post;
- Kathy Willis as Director of Science on 1<sup>st</sup> November 2013. Kathy is on secondment to this newly created post; and
- Gay Coley as Director of Public Programmes on 11<sup>th</sup> November 2013. This was a newly created post.

Whilst Defra continues to be pivotal in assisting RBG Kew with capital and other grants, the 2014/15 financial position looks challenging against a background of reduced Grant-in-Aid, reduced unrestricted funding from the Foundation and increased costs. This has led to the identification of a £5m net aggregate of income generation and cost saving targets for 2014/15 and beyond. A number of initiatives have been implemented to date, including but not limited to:

- a Voluntary Exit Scheme was initiated in 2012/13, through which 27 exits were agreed and all 27 staff left RBG Kew employment in 2013. A second Voluntary Exit Scheme was initiated in 2013/14 to reduce staff costs, through which 28 exits were agreed, of which 11 staff left RBG Kew employment on 31 March 2014.
- an organisation-wide review of activities and outputs to conform to a reduction in non-pay expenditure; and
- increased controls applied to expenditure and recruitment.

A number of longer-term activities continued in 2013/14 with a clear remit to either increasing further RBG Kew's understanding and management of its costs and performance, the greater exploitation of its assets and aimed at driving growth of income from non-Defra sources, including:

- development of a property strategy to maximise the performance of RBG Kew's property infrastructure;
- fundamental review of RBG Kew's Key Performance Indicators;
- review of the business model of the Kew Innovation Unit and development of Intellectual Property/commercialisation of RBG Kew's science; and
- the continued development of an overarching strategy for RBG Kew's science, which is to be completed later in 2014/15.

## Board Committees

The Board of Trustees is supported by five Committees which are responsible to the Board for key functions. The Committees comprise a balanced mix of Trustees and independent members and are as follows:

- Audit and Risk;
- Finance;
- Science and Conservation;

- Remuneration and Nominations; and
- Visitor Experience

The Committees have written Terms of Reference and a Code of Conduct. Committee meeting minutes are provided to the Board of Trustees. Membership of the Board, each of its Committees and attendance records are set out in the Annual Report on p12 Board of Trustees.

The Foundation is a company limited by guarantee and a charity registered with the Charity Commission. The independence of the Foundation is critical to maintaining its charitable status, and the Foundation is governed by a separate Board of Trustees.

## Audit and Risk

The Committee's role is to advise the Board and the Director, RBG Kew (the Accounting Officer) on the external auditor's report and the scope and effectiveness of the internal auditor's work. It advises the Board on the appointment of the internal auditor while also monitoring the work of the external auditor (who is appointed by Statute). It is also responsible for reviewing the financial statements and annual report and for reviewing procedures for the detection of fraud and handling of allegations from whistleblowers. Finally, it is responsible for monitoring the adequacy and efficacy of RBG Kew's approach to corporate risk management.

The Committee met four times in 2013/14 and has three Trustees and one independent non-Trustee member. During the year, Timothy Hornsby completed his term on the committee and was replaced by Derek Myers.

Areas reviewed by the Committee in 2013/14 included:

- arrangements for a project modernise RBG Kew's Finance, HR and Procurement back office systems;
- RBG Kew's financial position;
- RBG Kew and Foundation board structures;
- project management including Temperate House, CRM and Grow Wild;
- health & safety; and
- information security.

The Committee reviewed its effectiveness against the 5 good practice principles contained within HM Treasury's Audit and Risk Assurance Committee Handbook. The results of this exercise indicated that the Committee provided effective, independent and objective challenge and that it supported the Accounting Officer in ensuring that assurances obtained on governance and control frameworks were robust and valid. Several action points were identified to further improve the oversight and challenge provided by the Committee especially at a time of organisational change. These action points include the improvement of communication between meetings to keep members up to date with RBG Kew's progress and priorities, and briefings or specialist training to ensure that members have the relevant expertise.

## Finance Committee

The main responsibility of the Finance Committee is to review significant financial matters on behalf of the Board and make recommendations to the full Board for further consideration.

The Finance Committee comprises three Trustees and one independent non-Trustee member, and met four times in 2013/14.

The Finance Committee has also considered the following significant matters in 2013/14:

- RBG Kew's 2013/14 and 2014/15 Annual Plans;
- cost reductions and control measures, in light of RBG Kew's 2013/14 financial performance and 2014/15 budget;
- a project to modernise RBG Kew's Finance, HR and Procurement back office systems; and
- establishment of a Strategic Programme Board and associated Terms of Reference, progress reports and pipeline of projects, which included the Temperate House Precinct Project and Grow Wild project.

## Science and Conservation Committee

The Science and Conservation Committee has prime responsibility to ensure there is a long-term strategy for science and conservation activities undertaken at RBG Kew; to agree policies pertaining to RBG Kew's science and conservation programmes; and to oversee, review and report annually to the Board of Trustees on science and conservation matters. Following the appointment of the new Director of Science, the role and remit of the Science and Conservation Committee is under review.

The focus of the Science and Conservation Committee for the year has been the appointment and induction of the Director of Science; the development of a revised business case for the Millennium Seedbank, which defines the objectives and deliverables of the MSB over 10 years (2010-2020); and the Kew Innovation Unit's Research and Development Activity.

## Remuneration and Nominations Committee

The Committee is responsible for advising the Board on all matters pertaining to the Director's remuneration and for advising on remuneration for other senior executives and major changes affecting remuneration across RBG Kew. Each year, within an agreed framework, the Committee approves the objectives for the year ahead, evaluates the Director's performance and determines the remuneration of the Director. The Committee also ensures that the composition, skills and experience of the Board of Trustees, and the senior executive, is reviewed regularly in the context of contemporaneous and future challenges and opportunities facing the organisation. The Committee meets formally once per year and holds several informal meetings during the year. The Committee comprises the Board Chairman and members of the Finance Committee.

While accounting for the fact that the Secretary of State and Her Majesty the Queen appoint members of the Board Trustees, the Remuneration and Nominations Committee has also considered its advice on the following significant matters in 2013/14:

- The longevity of the terms of appointment for members of the Board of Trustees; and
- Succession planning requirements for those members of the Board of Trustees whose terms of appointment have expired.

## Visitor Experience Committee

The establishment and terms of reference of this Committee were agreed by the Board of Trustees in February 2013. The Committee is responsible for the strategic oversight of all that visitors to Kew Gardens and Wakehurst Place – whether virtually or in person – experience. Its remit includes key points of focus on driving growth of RBG Kew's commercial offer. The Committee consists of four Trustees and met once in 2013/14. The composition of this Committee and relative positioning within RBG Kew was amended in 2013/14, following a review by the Chair of the Committee, RBG Kew's Director and the Chairman of the Board of Trustees. Following the establishment of the new Public Programmes Directorate, and the current development of the Public Programmes Strategy, the composition and structure of this Committee remains under review.

## The Director

RBG Kew's Director, Richard Deverell, was appointed in 2012 by the Board of Trustees, with the approval of the Secretary of State. The Director acts as the Chief Executive and Accounting Officer. The Director is responsible to the Board for the day-to-day operations of RBG Kew and for implementing the strategic direction and, in his role as Accounting Officer, is responsible for safeguarding the public funds for which he has charge and for propriety and regularity in the handling of those public funds.

The Director is also responsible for:

- managing and developing RBG Kew's programmes and business outputs through developing RBG Kew's infrastructure and resource framework including the generation of funding other than grant-in-aid;
- promoting the mission and activities of RBG Kew at the national and international level;
- taking due account of legislation that affects RBG Kew;
- ensuring that RBG Kew contributes to the aims and objectives of Defra, in such a way that preserves RBG Kew's necessary independence;
- ensuring that RBG Kew maintains effective systems of internal control and risk management; and
- chairing the Executive corporate decision-making body – the Executive Board.

The Director agreed his set of objectives with the Board of Trustees for 2013/14. These objectives focused on the

development of a long term strategy for the visitor experience, the development and implementation of a revised Science Strategy, the formation of the new senior team (Executive Board) and a reduction in costs and growth in self-generated income. Significant progress was made against these objectives, as detailed in the Chairman's Letter and Director's Statements (p4 and p5). Following the successful appointment of both the Director of Science and Director of Public Programmes, the respective strategies for Science and Public Programmes have been under development through 2013/14. Another notable achievement in 2013/14 has been the production and implementation of a sustainable long-term business plan for Wakehurst Place with the National Trust that both reduces RBG Kew's net operating costs and enables the site to strengthen its contribution to RBG Kew's mission.

### Executive Board

The Executive Board is a corporate decision-making Board, chaired by the Director, to agree issues pertaining to the management of RBG Kew, in relation to the authority delegated by the Board of Trustees and to support the Director in his role as Accounting Officer. The Executive Board is responsible for:

- development of strategies for the Board of Trustees' consideration and agreement;
- implementation of those strategies;
- managing and developing RBG Kew's programmes, performance and business outputs;
- managing and developing RBG Kew's infrastructure and resource framework; and
- generating funding from Grant-in-Aid and other sources to enable RBG Kew's objectives to be fulfilled.

The Executive Board meets formally once a month. The Director also holds a shorter informal 'keep in touch' update meeting at the midpoint between each formal meeting, to share information and to keep abreast of new and developing issues.

Membership of the Executive Board in 2013/14 consisted of the following Directors of:

- Director RBG Kew (Chair), Richard Deverell;
- Director of Corporate Services, Jill McLaughlin;
- Director of Science (corresponding to the appointment of Kathy Willis on 1<sup>st</sup> November 2013);
- Director of Kew Innovation Unit, Monique Simmonds;
- Director of Public Programmes (corresponding to the appointment of Gay Coley on 11<sup>th</sup> November 2013);
- Director of Wakehurst Place, Andy Jackson; and
- Director of Horticulture, Kew (corresponding to the appointment of Richard Barley on 5<sup>th</sup> August 2013).

The CEO, Kew Foundation, Michael Murphy, has a standing invitation to each formal meeting but enjoys no formal voting rights.

### Defra

Formal quarterly performance review meetings take place between Defra officials and RBG Kew management ahead of the Defra Supervisory Board meeting. There are twice-yearly meetings between the sponsor Minister, Chairman of the Trustees and the Director, RBG Kew. Monthly and quarterly reports provide the information required by Defra to provide the Defra Supervisory Board with information and assurance on the responsibilities and activities of RBG Kew.

At a working level, contact with Defra officials is frequent and relates to a varied number of activities.

## 2. Effectiveness of Board of Trustees Performance

A 360-degree appraisal of the Board's performance was carried out in Q3 of 2012/13. The appraisal of the Board concluded that performance was satisfactory and made some 14 recommendations for the further improvement of its operation. During the course of 2013/14, progress in the delivery of these recommendations has been made including improvements to risk management through the review of RBG Kew's strategic risk register, the continued development of a new Framework Agreement between Defra and RBG Kew, and the provision of opportunities for more informal interactions between Trustees and the Executive team. There remains some progress to be made, including the formalisation of the Trustee induction which is to be completed in the second quarter of 2014/15 and the development of RBG Kew's strategic risk register (see section 3. on Risk Management).

## 3. Risk Management

Overall responsibility for the effective management of strategic risk rests with the Director and the Executive Board. During 2013/14, changes to the Executive Board and also the structure of the organisation have provided an opportunity to review the strategic risks affecting the organisation.

The Audit & Risk Committee examine areas of risk and consider management's response to these risks at each meeting. They also undertake a full examination and evaluation of the strategic risk register at one meeting per year. Development of RBG Kew's strategic risk register followed the appointment of the new Executive Board members (see Executive Board section on p20) and is to be reviewed by the Audit & Risk Committee in Q1 2014/15.

The risk management system is based on a hierarchical structure of risk registers flowing from departmental, through directorate and up to strategic or corporate levels. This structure allows and promotes the escalation of risks that cannot be controlled at the lower levels or which may have an impact on other departments, directorates or the organisation as a whole.

The risk management process was also audited as part of the 2013/14 internal audit plan and was assessed as Amber for both design and implementation of control. The report recognised that both the Executive Board and the Audit & Risk Committee had focused attention on management of strategic risk but also recommended that there should be

closer and more formal monitoring of risks to strategic objectives and that these should be managed within a defined risk appetite. These findings will be taken into account in the ongoing development, refinement and embedding of the risk management process.

### RBG Kew's risk environment

Maintaining a viable and attractive visitor proposition whilst at the same time meeting our obligations as a world class scientific and horticultural institution introduces many and varied challenges. Public sector funding constraint, reduced income from Friends and Foundation and financial pressures on donors and sponsors places stress on the organisation and introduces risk. In managing these financial challenges the organisation has undergone significant change during 2013/14, including the development of additional commercial income streams and reorganisation to promote efficiency and cost savings.

These measures will continue into 2014/15 and will require a sound and effective risk management system with which to ensure that risks are managed to an acceptable level.

### Key Risks

Changes to Executive Board membership in 2013/14 have provided an opportunity to re-assess RBG Kew's key risks and to describe risk, cause and effect in a standardised, clear and concise manner. Each risk on the strategic risk register has an allocated owner and mitigating actions include an assessment of budgetary impact, so that cost of control may also be considered. The strategic risk register was further developed to take account of the output from a strategic risk workshop facilitated by Deloitte.

The majority of RBG Kew's strategic risks relate to our ability to safeguard our collections, ensure that we continue to meet our obligations as a World Heritage Site, and deliver world class science and horticulture at a time of financial pressure, significant organisational change, reprioritisation within Science and reduced resource. RBG Kew's new Directors of Science, Horticulture and Public Programmes have all started to develop plans to address and mitigate these risks. These include formulation of a new science strategy, development of a public programmes strategy, development of a living collection plan, and identification of additional income opportunities such as the Christmas at Kew event.

Reduced funding, increasing costs and the need to maintain an attractive visitor proposition have introduced significant financial risk to the organisation. This has been managed by appointing a permanent Finance Director, maintaining effective budgetary control, introducing enhanced financial reporting, and the application of revised protocols such as 'no purchase order, no payment'. A range of options have also been considered to reduce costs, promote efficiency and ensure a balanced budget. A key measure has been the introduction of two Voluntary Exit schemes for employees and the introduction of revised working practices to ensure that core activities can continue to be delivered to high standards.

An additional key area of risk is that oversight and governance structures are so complex or burdensome that

they do not allow for decisions to be made in a timely or effective manner. A number of initiatives have taken place during 2013/14 to provide greater clarity with regards to governance relationships and to remove unnecessary layers of oversight. Examples of this include the drafting of a framework document that describes the relationship between RBG Kew and Defra in its roles as both Departmental Sponsor and Principal Charity Regulator, in addition to administrative matters concerning Defra funding, delegated authorities for the use of the funding and reporting; the separation of Kew and Foundation board structures; and the creation of an 'in-house' procurement team to provide a more adaptable and agile service.

The organisational change required to address the financial challenge has undoubtedly resulted in uncertainty amongst employees. The Executive Board recognise that this may have an adverse impact on RBG Kew's ability to retain, recruit and motivate essential staff and they have ensured that employees are fully briefed on the challenges that the organisation faces and have used the result of a staff survey to identify areas of concern and to develop appropriate responses. As part of a review of RBG Kew's Key Performance Indicators that was initiated in 2013/14, an increased focus on staff engagement has been enabled through the development of a new KPI for 2014/15 based on a staff engagement index score.

## 4. Internal Control Framework

The Trustees and the Director, RBG Kew, have joint responsibility for maintaining a sound system of internal control that supports the achievement of RBG Kew's policies, aims and objectives, and safeguards the public funds and assets. The Director's responsibilities, as Accounting Officer, are assigned to him as prescribed in Managing Public Money.

The Director, RBG Kew, is accountable to the principal Accounting Officer of Defra to enable her to discharge her overall responsibility for ensuring that RBG Kew, as a Defra Non-Departmental Public Body, has adequate internal control systems and procedures in place.

The system of internal control has been in place in RBG Kew for the year ended 31 March 2014, and up to the date of the approval of the Annual Report and Accounts, and accords with Treasury guidance.

As Accounting Officer, RBG Kew's Director has responsibility for reviewing the effectiveness of the system of internal control and this is informed by the work of the internal auditors and the senior managers responsible for the development and maintenance of the internal control framework.

Overall, the internal audit work for the year was focused on those areas of control and risk which presented the greatest risk to Kew and where there were known development needs. The Amber annual internal audit opinion confirmed that Kew was taking the right steps to address existing weaknesses and that the right action plans were in place to address particular development needs around bringing procurement function in-house, enhancing budgeting and forecasting processes, the development of a risk appetite statement and associated risk management framework, and dealing with complex projects such as the Temperate House

Precinct Project. This opinion is based on work conducted during 2013/14 and recognises that implementation of recommendations has been impacted by the difficulties experienced implementing a new HR & Finance system and the introduction of an in-house procurement function.

RBG Kew does not own any business critical models. Quality assurance with regards to the management of major projects consisting of those projects with a total budget of more than £0.5m or that are of significant importance or risk to RBG Kew, is enabled through the governance of the Strategic Programme Board (see section on Project Management p22 for further details).

### Financial management and control

Financial management is supported through monthly management accounts, quarterly financial reporting to the Executive Board and summary reporting to the Finance Committee and Trustees.

Financial information is available to all budget holders so that they are able to monitor their performance against budgets at any time. However, more integrated and matrix-based management reporting is required and the upgrade of RBG Kew's Finance, HR and Procurement back office systems should provide this from 30 November 2014. Significant resource is being dedicated to ensuring that not only is the transition to the new system a seamless one but also RBG Kew takes the opportunity to review its own business processes to improve operational efficiency.

### Fraud risk management

RBG Kew has a zero tolerance towards fraud, bribery and corruption. A new Fraud, Bribery and Corruption policy has been published during 2013/14, which applied to all RBG Kew employees, Trustees and volunteers engaged in Kew business in the UK or overseas, and this brings together all associated guidance into a single document. An effective response to allegations or instances of fraud, bribery and corruption is essential to counter malpractice and to provide an assurance to the Director, RBG Kew and the Audit and Risk Committee that such matters will be dealt with in an appropriate manner. The new policy contains a structured response plan with clear allocation of responsibilities.

This new policy also contains revised guidance and a simplified process for the reporting of offers of gifts and hospitality. All employees of RBG Kew are mandated to undertake the Civil Service Learning 'Handling Information' course which includes modules on fraud, bribery and corruption.

The whistleblowing policy was also revised and re-issued during 2013/14. This now reflects the requirements of the Enterprise and Regulatory Reform Act 2013 and provides clearer direction on when it is appropriate to 'blow the whistle' and the processes that must be followed.

Both of these documents have been reviewed and approved by the Audit and Risk Committee. The Committee have also reviewed the gifts and hospitality log.

RBG Kew contributes to HM Government counter fraud initiatives and activities through regular attendance at the Defra Fraud and Error Board where best practice is shared between Defra departments and other arm's length bodies.

### Performance management

Progress against performance targets for 2013/14 has been reviewed quarterly by the Executive Board and Trustees, and reported to the Defra Supervisory Board. The final results are set out in the Management Commentary in the Annual Report and Accounts (p7).

The future performance targets are being reviewed in the light of the new senior management structures to ensure that KPIs and internal management targets remain focused on key priorities.

The staff performance management process within RBG Kew ensures that the organisation's goals are reflected in individual staff members' objectives and training plans. At the beginning of each year all staff meet with their line manager to agree their work and objectives for the year and identify any training needs, referring to the Business Plan to ensure their plans will contribute to RBG Kew's targets that are relevant to them.

### Project management

RBG Kew started work in 2013/14 to improve how it delivers major projects, consisting of those projects with a total budget of more than £0.5m or that are of significant importance or risk to RBG Kew.

All major projects have been brought together under a new governance structure – the Strategic Programme Board (SPB). A key part of this group's role is to understand and plan aspects of the programme such as capacity, risk exposure, dependencies and realisation of benefits across RBG Kew.

To enable better decision making the SPB will shortly be implementing the Office of Government Commerce's Gateway model as a way of controlling projects at critical points during their lifecycle. Although initially focussed primarily on project delivery, the remit of this work has also included integration with, and improvements to, existing governance processes and delegated authority limits around legal, financial and procurement considerations.

The SPB has also set up a reporting schedule, requiring all major projects to provide a quarterly progress update.

The work of the SPB will continue throughout 2014/15 with its primary objectives expected to be:

- embedding the new protocols within the organisation, particularly around approving new initiatives;
- assessing and building the skills of those responsible for project delivery (Project Managers and Senior Responsible Officers); and
- setting up a Project Office to standardise processes wherever possible and make best of the existing areas of good practice.

## Information management

RBG Kew takes the management of the information it holds very seriously and is not aware of any personal data losses in 2013/14.

All employees are mandated to undertake the Civil Service Learning 'Protecting Information' course and compliance with this requirement is monitored through the Human Resources Department.

RBG Kew undertakes an annual self-assessment exercise against the information risk maturity model. The assessment for 2013/14 shown improvement on previous years, however a number of initiatives are being considered to further develop and improve arrangements in this area.

## 5. Significant Governance and Internal Control Issues

RBG Kew appointed Grant Thornton as their internal auditors in March 2013. Grant Thornton have developed an internal audit charter, strategy and plan for the year 2013/14 and an indicative plan for subsequent years. These documents were approved by the Audit and Risk Committee.

During the reporting year, Project Acorn had been scheduled to deliver a new finance and HR system via the Defra Shared Service. Project Acorn would have reduced paper based processes, provided enhanced reporting and allowed for increased efficiency by enabling a suite of self-service capabilities. In preparation for the implementation, a number of internal processes were revised and some employees were allowed to leave the organisation through Voluntary Exit Schemes.

Technical difficulties meant that the implementation of Project Acorn did not deliver the planned transition to the Defra Shared Service on time. Existing finance and HR systems were therefore required to continue to run on, albeit with fewer permanent staff to manage processes.

This introduced a higher level of stress to the system of internal control but fortunately the planned improvements made to internal processes in preparation for transition to a shared service have meant that the impact was reduced to a manageable and acceptable level.

RBG Kew intends to upgrade its existing systems to provide the additional functionality that would have been provided by the Defra Shared Service. This system upgrade will be introduced in the autumn of 2014. The IT bridge that was originally built as part of Project Acorn is still live, and the project to transition to a government shared service is postponed until 2016.

The Grow Wild programme, funded by BIG Lottery, brings people together to engage with their communities and to do something positive for where they live by sowing UK native wild flowers. The programme did not meet all of its targets during its first year, requiring a revised delivery plan to be agreed with the funder. Since then it has introduced new governance arrangements, with Kew's Strategic Programme Board (see Project Management section on p22) providing increased corporate oversight. Subsequently the Grow Wild programme has met or exceeded all its targets for 13/14.

RBG Kew's governance, risk management and internal control frameworks have proved adequate in respect of the year ended 31<sup>st</sup> March 2014, however further work is required to complete agreed actions plans and to further embed the effective operation of risk management processes. The continuing, financial, organisational and operational changes mean that continued vigilance will be required to effectively manage key risks and to ensure an effective control environment is maintained.

Except as noted above, there have been no significant governance or internal control issues to report.



**Marcus Agius**

Chairman of the Board of Trustees

12 June 2014



**Richard Deverell**

Director

12 June 2014

## Sustainability

Sustainability information is reported in accordance with the Government Financial Reporting Manual (FReM) and as part of the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting, Guidance for 2013/14 reporting.

The Greening Government Commitments (GGCs) which commenced on 1 April 2011 require the Royal Botanic Gardens, Kew to report information to Defra on a quarterly basis. The GGC aim to reduce the impact the government has on the environment using a 2009/10 baseline. The following targets have been set.

- reduce greenhouse gas emissions by 25% from the whole estate and business-related transport;
- reduce the amount of waste generated by 25%;
- reduce water consumption and report on office water use against best practice benchmarks; and
- ensure government buys more sustainable and efficient products and engages with its suppliers to understand and reduce the impacts of its supply chain.

As an 'arms length body' the scope of this report is aligned to RBG Kew's requirements under the Greening Government Commitments and the information included forms part of Defra's sustainability report.

While the environmental data and associated financial costs presented are consistent with the requirements, the information contained within this report has not been subject to external audit and does not form part of the auditors' opinion on the accounts.

### About our data

The data gathering process is currently aligned with the requirements of the CRC Energy Efficiency scheme (CRC)<sup>2</sup>; consumption figures are based on billed amounts and are therefore subject to adjustments in subsequent periods.

Scope 3 emissions have been excluded from this report including RBG Kew's business related travel emissions which are discounted under the 'de minimus' criteria. RBG Kew aims to improve the quality of its information in this area in future.

### Our commitment to sustainability

RBG Kew's mission statement demonstrates its commitment to sustainability and this is exemplified by best practice management throughout its gardens, projects and partnerships. As such, RBG Kew believes that its operations should be undertaken with minimal adverse impact on both the local and global environment. RBG Kew uses an ISO14001 compliant Environmental Management System (EMS) to manage its operations and is committed to maintaining this standard. Kew is the first World Heritage Site to achieve this international standard.

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<sup>2</sup> Formerly the Carbon Reduction Commitment scheme

## Summary of Performance

Area		2013/14 Performance	
CO <sub>2</sub> Emissions	Total Emissions	tonnes.CO <sub>2</sub>	7,717
	Total Energy Expenditure	£	1,292,528
Water	Total Water Consumption	m <sup>3</sup>	226,710
	Water Supply Costs	£	333,004
Waste	Total waste	tonnes	487
	Total disposal cost	£	64,078

## Summary of Future Strategy

RBG Kew's policy is to establish and maintain effective environmental management based on the requirements of ISO 14001. In line with its policy, RBG Kew aims to meet environmental targets and to continually improve its performance in key areas.

RBG Kew has made commitments to:

- annually assess its operational environment impacts;
- set annual objectives and targets to ensure continual improvement of our environmental performance; and
- comply with all relevant environmental legislation.

## Green House Gas Emissions

RBG Kew is committed to reducing emissions from energy consumption by meeting and where possible, exceeding government targets for a 25% reduction in CO<sub>2</sub> emissions against a 2009/10 baseline. The business faces a specific set of challenges in reducing energy consumption whilst maintaining heat supply to listed Victorian glasshouses. This is particularly apparent in the winter periods.

RBG Kew has established a long term strategy for reducing CO<sub>2</sub> emissions, utilising district heating to generate a source of low carbon electricity for use across the site. The project is in the design phases and once complete, will reduce CO<sub>2</sub> emissions by a further 17% against the 2009/10 baseline.

Kew's work is focused on addressing the major environmental challenges we face today including habitat destruction and degradation, biodiversity loss and climate change on a local and global level.

As an organisation, RBG Kew recognises the link between greenhouse gas emissions from its operation and climate change. As a response, the organisation has a strategy for carbon reduction with long term emission reduction targets aligned to government policy; delivered through a strategic mix of renewable energy and conservation measures.

RBG Kew has secured Defra funding for a 500kW biomass boiler system at Wakehurst Place. The system will deliver a 6% CO<sub>2</sub> emission reduction when completed in 2014. Biomass heating is also the preferred source of energy for the Temperate House Precinct Project.

Using the new data gathered from automatic metering and targeting systems, Kew has continued to improve its processes for identifying and responding to the inefficient use of energy.

Ongoing measures have contributed to a 13% reduction in carbon dioxide (CO<sub>2</sub>) emissions against a 2009/10 baseline.

<b>GREEN HOUSE GAS EMISSIONS</b>		2009/10	2010/11	2011/12	2012/13	2013/14
Non financial indicators (tCO <sub>2</sub> )	Scope 1: Direct Emissions	4,640	4,818	4,296	5,186	4406
	Scope 2: Indirect Emissions	4,229	4,301	3,832	3,632	3,311
	Scope 3: Emissions from Official Business Travel	-	-	-	-	-
	<b>Total Emissions</b>	<b>8869</b>	<b>9,119</b>	<b>8,128</b>	<b>8,848</b>	<b>7,717</b>

<b>ENERGY</b>			2009/10	2010/11	2011/12	2012/13	2013/14
Non financial indicators (kWh)	Energy Consumption	<b>Total Energy Consumption</b>	31,802,353	33,338,604	29,797,069	34,004,346	29,959,138
		Electricity: Brown	7,771,000	7,985,000	7,293,055	6,980,355	6,846,313
		Gas <sup>3</sup>	21,674,585	22,602,402	20,192,047	24,207,932	20,689,031
		Oil	2,082,807	2,528,056	2,114,779	2,659,604	2,116,273
		LPG	273,961	223,146	197,188	156,455	307,521
		Other	-	-	-	-	-
Financial indicators (£)	Total Energy Expenditure	945,000	932,000	1,035,765	1,083,025	1,292,528	

<sup>3</sup> Increase from RBG Kew Annual Report and Accounts 2013 to reflect impact of under billing on Natural Gas

## Waste management

RBG Kew is committed to producing zero waste to landfill by 2020. Good progress has been made against this target at Wakehurst Place Kew and improvement has been made in improving reporting in line with the GGC target areas.

RBG Kew holds an Environment Agency permit for both sites to ensure that compost production complies with all relevant legislation.

WASTE		2009/10	2010/11	2011/12	2012/13	2013/14
Non financial indicators (tonnes)	<b>Total waste</b>	-	<b>2,323</b>	<b>1,531</b>	<b>1,138</b>	<b>487</b>
	Hazardous waste	-	1,124	4	10	22
	Reused, recycled, composted	-	105	123	206	125
	Incinerated with energy recovery	-		3	137	318
	Landfill	-	1,094	1,401	785	22
Financial indicators (£)	Total disposal cost	-	80,300	94,316	93,004	64,078

## Water consumption

RBG Kew has committed to increasing the effective use of potable and grey water. RBG Kew has a statutory duty to preserve the living collection which contains numerous rare or endangered species. In total, over 90% of Kew's water usage is used for irrigation of the living collections.

The business is in the process of improving the information it receives on water by replacing existing meters.

These models will feed directly into the same system that RBG Kew uses to manage energy, allowing the rapid identification of leaks.

The organisation established a horticultural water conservation policy and all major glasshouses have rainwater harvesting systems.

WATER			2009/10	2010/11	2011/12	2012/13	2013/14
Non financial indicators (m3)	Water Consumption	<b>Total Water Consumption</b>	<b>158,000</b>	<b>184,300</b>	<b>159,045</b>	<b>133,297</b>	<b>226,710<sup>4</sup></b>
		Supplied	158,000	177,000	159,045	133,297	226,710
		Abstracted		7,300	185,750	97,868	68,000
Financial indicators (£)	Water Supply Costs		238,000	264,000	245,117	167,555	333,004

<sup>4</sup> A significant water leak was identified, isolated and repaired in 2013/14

## Sustainable Procurement

RBG Kew is committed to Sustainable Procurement through its ISO 14001 management system. This will be achieved through adherence to its 'Sustainable purchasing guidelines' which require improved management of its supply chain and integration of full life costing for goods and services.

## Environmental Management System

RBG Kew's corporate policy requires that Kew maintains an effective environmental management system, EMS, based on the requirements of BS EN ISO 14001:2004. This system will continue to be an integral tool to manage RBG Kew's environmental impacts and to provide a mechanism to monitor report and deliver against the Government's Greening Government Commitments and the Treasury's FReM Sustainability Reporting requirements. Kew has recently been recertified against this standard and the audit recognised that Kew updated its environmental policy in 2013.

## Governance

RBG Kew's environmental policy is signed by the Director (CEO) and the percentage reduction in CO2 emissions is a key performance indicator. Compliance with the requirements of the Carbon Reduction Commitment Energy Efficiency scheme and Greening Government Commitments are part of RBG Kew's objectives. Kew's progress and compliance with these targets is reported to the Environmental Sustainability Steering Group on a quarterly basis as required by the corporate governance structure.

## Remuneration Report

### Remuneration Policy

The remuneration of the Director (CEO, previously both CEO and Chief Scientist) is set by the Remuneration and Nominations Committee, a sub-committee of the Board of Trustees. The members are identified on page 13.

The salary of the Director is reviewed on an annual basis and, in reaching its recommendations, the Committee has regard to performance, based on objectives set by the Board of Trustees, affordability and government pay policy.

The Remuneration and Nominations Committee reviews the Director's recommendations on the remuneration packages of Executive Board members and other employees on individual contracts on an annual basis.

### Service Contracts

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

### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the current Kew Executive Board.

The Remuneration and Nominations Committee sets performance objectives and awards bonuses based on performance against agreed objectives.

For 2011/12, the Remuneration and Nominations Committee awarded non-consolidated performance payments to Stephen Hopper, Tim Entwisle and Michael Murphy, paid in 2012/13. While Kew's senior employees are not Senior Civil Servants, the payments were in line with guidance on non-consolidated performance payments for Senior Civil Servants.

The value of pension benefits during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. This may be a negative value in the year.

Remuneration (Audited)		2013/14 Salary	2012/13 Salary	2013/14 Bonus	2012/13 Bonus	2013/14 Benefits in kind	2012/13 Benefits in kind	2013/14 Pension benefits to nearest (£1,000)	2012/13 Pension benefits to nearest (£1,000)	2013/14 Total to nearest (£1,000)	2012/13 Total to nearest (£1,000)
		£	£	£	£	£	£	£	£	£	£
Andrew Burchell <sup>1</sup>	Director, Business & Corporate Services to 31/10/12	-	67,006	-	-	-	-	-	-	-	67,000
Andy Jackson <sup>2</sup>	Director, Wakehurst Place from 01/11/12	76,013	29,484	-	-	-	-	31,300	13,000	107,000	42,000
Angela McFarlane <sup>3</sup>	Director, Public Engagement & Learning to 17/09/13	86,952	89,000	-	-	-	-	14,000	35,000	101,000	124,000
Dave Simpson <sup>4</sup>	Acting Keeper, Herbarium, Library, Art and Archives from 12/11/12 to 04/11/13	50,008	32,009	-	-	-	-	91,000	88,000	141,000	120,000
Gay Coley <sup>5</sup>	Director, Public Programmes from 11/11/13	50,555	-	-	-	3,501	-	22,000	-	76,000	-
Jill McLaughlin <sup>6</sup>	Director, Corporate Services from 01/07/13	126,072	75,922	-	-	-	-	32,000	-	158,000	76,000
Kathy Willis <sup>7</sup>	Director, Science from 01/11/13	48,975	-	-	-	-	-	-	-	49,000	-
Mark Chase <sup>8</sup>	Keeper, Jodrell Laboratory to 04/11/13	50,266	84,161	-	-	-	-	(3,000)	10,000	47,000	94,000
Michael Murphy <sup>9</sup>	Director, Development to 31/12/12	-	78,750	-	10,000	-	-	-	-	-	89,000
Monique Simmonds	Director, Kew Innovation Unit	76,476	83,930	-	-	-	-	1,000	14,000	77,000	98,000
Richard Barley <sup>10</sup>	Director, Horticulture, Kew from 05/08/13	55,658	-	-	-	4,747	-	22,000	-	82,000	-
Richard Deverell <sup>11</sup>	Director (CEO) from 17/09/2012	141,400	75,445	-	-	9,479	-	55,000	(5,000)	206,000	70,000
Stephen Hopper <sup>12</sup>	Director, (CEO and Chief Scientist) to 07/10/12	-	87,872	-	10,000	-	12,850	-	-	-	111,000
Tim Entwisle <sup>13</sup>	Director, Conservation, Living Collections and Estates to 03/03/13	-	109,118	-	10,000	-	-	-	-	-	119,000

- Salary to 31 October 2012 – annual equivalent salary £105,060
- Salary from 6 November 2012 – annual equivalent salary £76,013
- Salary to 17 September 2013 – annual equivalent salary £89,000. Includes a payment for loss of office of £45,500.
- Board Member to 04/11/13. 2013/14 annual equivalent salary £84,161
- Salary from 11 November 2013 – annual equivalent salary £130,000. Gay Coley also received a relocation allowance of £3,501
- Salary from 1 July 2013 – annual equivalent salary £110,000. Jill McLaughlin was previously an interim contractor up to 30 June 2013. She additionally received payment in 2013/14 via fees paid to an agency through which she has been employed of £43,572. Jill was paid through a service company.
- Salary from 1/11/13 – annual equivalent salary £117,540. Kathy Willis is on secondment from Oxford University and paid directly by Oxford University. The reported costs relate only to salary costs, and the university is separately reimbursed for other costs including National Insurance. Additional payment for fundraising services received of £6,173 directly from Kew Foundation.
- Board Member to 4/11/13. Annual equivalent salary £84,161
- 75% of the total staff costs for Michael Murphy were recharged to the Kew

- Foundation up to 31 December 2012. Since that date he has transferred fully to the Kew Foundation payroll and attends meetings as an observer.
- Salary from 5 August 2013 – annual equivalent salary £85,000. £4,747 relocation costs paid in 2013/14.
- Salary from 17 September 2012 – annual equivalent salary £140,000. Additional payment directly from Kew Foundation of £30,000 in 2013/14 (2012/13 £15,000) for fundraising services. Additional £9,479 paid as relocation costs.
- Salary to 7 October 2012 – annual equivalent salary £136,192. A tax payment of £12,377 was made in relation to 2011/12 benefit in kind and £10,726 for 2012/13.
- Salary to 3 March 2013 – annual equivalent salary £118,000

Pension Benefits (Audited)	Accrued pension at age 60 as at 31/03/14 & related lump sum	Real increase in pension & related lump sum at age 60	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Andrew Burchell	-	-	-	1,159	-	N/A
Andy Jackson	93	6	391	318	22	N/A
Angela McFarlane	-	-	-	33	-	N/A
Dave Simpson	81	11	641	436	89	N/A
Gay Coley	1	1	16	-	14	N/A
Jill McLaughlin	20	20	275	-	6	N/A
Mark Chase	89	1	501	472	3	N/A
Michael Murphy	-	-	-	63	-	N/A
Monique Simmonds	120	1	642	613	-	N/A
Richard Barley	1	1	18	-	13	N/A
Richard Deverell	5	3	57	-	25	N/A
Stephen Hopper	-	-	-	197	-	N/A
Tim Entwisle	-	-	-	39	-	N/A

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Royal Botanic Gardens, Kew and thus recorded in these accounts.

## Benefits in kind

Post holders do not receive any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. For certain post holders on site accommodation is provided for the proper performance of the duties of the employment, or where it is customary for employees in that role to be provided with on site living accommodation for the better performance of the duties of the employment. This is not treated as a taxable emolument.

However, one exception was made where Stephen Hopper's contractual entitlement to return air fares to Australia became taxable under HMRC rules after 5 years and this has been disclosed as a benefit in the table above.

The Trustees do not receive any remuneration for their services to Kew. Note 9 details their expenses.

## Gender

As at 31 March 2014, the gender split of the Executive Board was 3 males and 4 females.

### Tax arrangements of public appointees

RBG Kew has a number of staff employed under contract and not through payroll. In line with guidance from HM Treasury, RBG Kew is required to publish information about its controls to ensure the regularity of the tax arrangements of its non-payroll appointees. The scope includes any individual who is engaged to carry out a role in the organisation, including office holders, who is earning the equivalent of £58,200 per annum or more and who is self employed, supplied by an agency or other company or working through a personal service company, as follows:

**Table 1: For all off-payroll engagements as of 31 March 2014, for more than £220 per day and that last for more than six months (not audited):**

No of existing engagements as of 31 March 2014	17
Of which at the time of reporting:	
No that have existed for less than one year	6
No that have existed for between one and two years	5
No that have existed between two and three years	1
No that have existed between three and four years	1
No that have existed more than four years	4

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary assurance has been sought.

**Table 2: For all new off-payroll engagements between 1 April 2013 and 31 March 2014, for more than £220 per day and that last longer than six months (not audited):**

No of new engagements between 1 April 2013 and 31 March 2014 and which include contractual clauses giving the right to request assurance in relation to tax and National Insurance obligations	6
No for whom assurance has been requested	6
Of which at the time of reporting:	
No for whom assurance has been received	1
No for whom assurance has not been received	5
No that have been terminated as a result of assurance not being received or ended before assurance was received	0

Assurance has been sought in all cases but not yet received. Assurance will continue to be sought.

**Table 3: Off payroll engagements of Board members with significant financial responsibility (not audited):**

Number of off-payroll engagements at board level and/or senior officials with significant financial responsibility	1
Total number of individuals that are board members and/or senior officials with significant financial responsibility. This figure includes both off-payroll and on-payroll engagements.	8

The Director of Corporate Services was appointed in March 2012, before HM Treasury guidance was issued. The individual was subsequently brought onto the payroll in May 2013 when their contract expired (see footnote 6, page 30).

### Median Salary Ratio

The Median Salary in the organisation in 2013/14 was £24,717 (£24,063 in 2012/13). The ratio to the Director's remuneration of £141,400 in 2013/14 (£140,000 in 2012/13) was 5.7 (5.8 in 2012/13). Agency pay has been excluded from the Median Salary calculation since this pay arrangement would give rise to a distortion of the results.

### Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website

[www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)

### Cash Equivalent Transfer Values

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

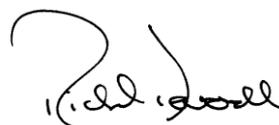
The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own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

### Real increase in CETV

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



**Marcus Agius**  
Chairman of the Board of Trustees  
12 June 2014



**Richard Deverell**  
Director  
12 June 2014

## Auditor's Certificate and Report

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

I certify that I have audited the financial statements of the Royal Botanic Gardens, Kew for the year ended 31 March 2014 under the National Heritage Act 1983. The financial statements comprise the Consolidated Statement of Financial Activities, the Consolidated and the Royal Botanic Gardens, Kew Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Trustees and Accounting Officer and auditor

As explained more fully in the Statement of Trustees and Accounting Officer's Responsibilities, the Trustees and Director as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Royal Botanic Gardens, Kew's circumstances and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Royal Botanic Gardens, Kew; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the incoming resources and resources expended 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.

### Opinion on regularity

In my opinion, in all material respects the incoming resources and resources expended 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.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and Royal Botanic Gardens, Kew's affairs as at 31 March 2014 and of the incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued there under.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the sections of the Annual Report entitled Management Commentary and Sustainability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

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

June 2014

## Royal Botanic Gardens, Kew Statement 1

## Consolidated Statement of Financial Activities for the year ended 31 March 2014

	Notes	Unrestricted	Restricted	Endowment Total	2013/14 Total	2012/13 Total
		£m	£m	£m	£m	£m
<b>Incoming resources</b>						
Incoming resources from generated funds – Grant in aid	3	14.4	13.6	-	<b>28.0</b>	32.5
Grants & donations	4	4.2	10.0	-	<b>14.2</b>	13.1
Activities for generating funds - trading	5/15	8.3	-	-	<b>8.3</b>	6.6
Investment income		0.1	-	-	<b>0.1</b>	0.1
Incoming resources from charitable activities	6	9.1	-	-	<b>9.1</b>	7.5
<b>Total incoming resources</b>		<b>36.1</b>	<b>23.6</b>	-	<b>59.7</b>	59.8
Costs of generating funds – trading	7/15	6.1	-	-	<b>6.1</b>	4.9
<b>Charitable activities</b>						
Research and conservation	7	25.4	15.3	-	<b>40.7</b>	41.1
Visitor activities	7	6.2	3.9	-	<b>10.1</b>	12.3
<b>Governance costs</b>	7	0.2	-	-	<b>0.2</b>	0.2
<b>Total resources expended</b>		<b>37.9</b>	<b>19.2</b>	-	<b>57.1</b>	58.5
<b>Net (outgoing) /incoming resources</b>		<b>(1.8)</b>	<b>4.4</b>	-	<b>2.6</b>	1.3
Revaluation of assets		8.8	-	-	<b>8.8</b>	2.2
<b>Net movement in reserves</b>	16	<b>7.0</b>	<b>4.4</b>	-	<b>11.4</b>	3.5
Reserves at 1 April	16	118.0	12.1	0.2	<b>130.3</b>	126.8
<b>Reserves at 31 March</b>	16	<b>125.0</b>	<b>16.5</b>	<b>0.2</b>	<b>141.7</b>	130.3

All activities arise from continuing operations.

All recognised gains and losses have been included in the Statement of Financial Activities.

The Notes on page 38 onwards form part of these accounts.

# Royal Botanic Gardens, Kew Statement 2

## Balance Sheets at 31 March 2014

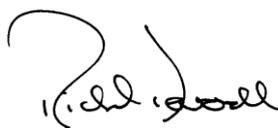
	Notes	Royal Botanic Gardens, Kew		Consolidated	
		2014 £m	2013 £m	2014 £m	2013 £m
<b>Fixed assets</b>					
Intangible assets	10	3.6	0.8	3.6	0.8
Tangible assets	10	8.2	5.9	8.2	5.9
Heritage assets	11	124.9	117.8	124.9	117.8
Investments	12	0.6	0.6	0.3	0.3
		<b>137.3</b>	125.1	<b>137.0</b>	124.8
<b>Current assets</b>					
Stocks of goods for sale		-	-	0.5	0.5
Debtors	13	9.1	5.9	7.4	5.0
Cash at bank and in hand		4.2	9.8	7.2	11.9
		<b>13.3</b>	15.7	<b>15.1</b>	17.4
Creditors: amounts falling due within one year	14	<b>(8.9)</b>	(10.5)	<b>(10.4)</b>	(11.9)
<b>Net current assets</b>		<b>4.4</b>	5.2	<b>4.7</b>	5.5
<b>Total assets less current liabilities</b>		<b>141.7</b>	130.3	<b>141.7</b>	130.3
<b>Reserves</b>					
Unrestricted	16	125.0	118.0	125.0	118.0
Restricted	16	16.5	12.1	16.5	12.1
Endowment	16	0.2	0.2	0.2	0.2
		<b>141.7</b>	130.3	<b>141.7</b>	130.3

The Notes on page 38 onwards form part of these accounts.

The financial statements were approved by the Director and Board of Trustees on 12 June 2014 and signed on their behalf by:



**Marcus Agius**  
Chairman of the Board of Trustees  
12 June 2014



**Richard Deverell**  
Director  
12 June 2014

# Royal Botanic Gardens, Kew Statement 3

## Consolidated Cash Flow Statement for the year ended 31 March 2014

	Note	2013/14 £m	2012/13 £m
Net cash inflow from operating activities	a	1.6	7.5
Returns on investments – interest receivable		0.1	0.1
Capital expenditure and financial investment	b	(6.4)	(3.3)
<b>(Increase)/decrease in cash at bank</b>	c	<b>(4.7)</b>	<b>4.3</b>

### a Reconciliation of net incoming resources to net cash inflow from operating activities

	2013/14 £m	2012/13 £m
Net (outgoing)/incoming resources	2.6	1.3
Depreciation	2.9	2.8
Loss on disposal of fixed assets	0.1	-
Decrease/(increase) in stock	-	-
(Increase)/decrease in debtors	(2.4)	3.2
Increase/(decrease) in creditors	(1.5)	0.3
Less investment income	(0.1)	(0.1)
<b>Net cash inflow from operating activities</b>	<b>1.6</b>	<b>7.5</b>

### b Analysis of cash flows – capital expenditure and financial investment

	2013/14 £m	2012/13 £m
Payments to acquire fixed assets	(6.4)	(3.3)
Receipts from sale of fixed assets	-	-
	<b>(6.4)</b>	<b>(3.3)</b>

### c Reconciliation of net cash flow to movement in net funds

	2013/14 £m	2012/13 £m
(Decrease)/increase in cash in period	(4.7)	4.3
Cash inflow from decrease in liquid resources	-	-
<b>Movement in net funds in the period</b>	<b>(4.7)</b>	<b>4.3</b>
Net funds at 1 April	11.9	7.6
<b>Net funds at 31 March</b>	<b>7.2</b>	<b>11.9</b>

### d Analysis of net funds

	1 April 2013 £m	Cash Flow	31 March 2014 £m
Cash at bank and in hand	11.9	(4.7)	7.2
Short term deposits	-	-	-
	<b>11.9</b>	<b>(4.7)</b>	<b>7.2</b>

# Notes to the accounts year ended 31 March 2014

## 1 Form of accounts

As stated in the Statutory Information, these accounts have been prepared in the form directed by the Department for Environment, Food and Rural Affairs, and on a going concern basis. Without limiting the information given, the accounts meet the accounting and disclosure requirements of applicable accounting standards so far as those requirements are appropriate, and comply with the Financial Reporting Manual to the extent that they are not in conflict with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) 2005.

The accounts (including comparatives) have been reported in £0.1m (previously £000) to improve the clarity of the financial statements.

## 2 Accounting policies

### Accounting convention

The accounts are prepared under the modified historical cost convention and fixed assets and investments are shown at their value to the business by reference to current costs.

### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Royal Botanic Gardens, Kew and its subsidiary RBG Kew Enterprises Limited for the year ended 31 March 2014. Consolidation has been carried out on a line-by-line basis.

The Foundation and Friends of the Royal Botanic Gardens, Kew and the Bentham-Moxon Trust have not been consolidated as, in the opinion of the Trustees, Kew does not have the ability to exercise control over these organisations.

### Incoming resources

#### Government grants

Grant-in-aid including capital grant is credited to income in the year for which it is received.

#### Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income received is deferred where the activity being funded has not taken place by 31 March in any year. Income is allocated to Restricted Income when it is given by the donor or grant maker for specific purposes.

#### Gifts in kind

Gifts in kind are valued at the estimated value to Kew of the service or goods received, based on the market price of an equivalent service or goods.

#### Investment income

Investment income comprises interest receivable from cash at bank and short term deposits, and income from investments held in the Charities Official Investment Fund.

#### Resources Expended

Expenditure is accounted for on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities.

#### Expense allocation

Costs are allocated to Research and Conservation and Visitor Activities in line with the objectives of Kew as set out in the Management Commentary.

Indirect costs have been allocated to the headings in the Statement of Financial Activities on the basis of headcount

except for computer costs which have been allocated on the basis of computer numbers. Governance costs include the costs of strategic planning, the Annual Report and Accounts, the external audit fee and Trustees' expenses.

### Heritage assets

The land and buildings and collections used by Kew are Heritage Assets as defined by Financial Reporting Standard 30 (FRS30) and are accounted for in accordance with this as set out below.

#### Land and buildings

The Board of Trustees does not hold title to the land and buildings used by the Royal Botanic Gardens, Kew, except for the Welcome Trust Millennium Building and the land it is situated on, and the adjacent Havelock farm, which was acquired in 2012/13. The remaining land and buildings are owned by the Crown at Kew and by the National Trust at Wakehurst Place. As required by the SORP 2005, existing buildings and their associated land used for fundraising, administration or accommodation purposes plus the Welcome Trust Millennium Building were valued and capitalised on the Balance Sheet at 31 March 2001 (Note 11). Subsequent additions are included initially at cost.

Land and buildings are revalued every five years by external professionally qualified valuers, on the basis of either open market value for existing use or depreciated replacement cost. Professional revaluations were carried out during 2001/02, 2006/07 and 2011/12. In between professional revaluations, values are updated using indices provided by the professional valuers. With the exception of those buildings used for fundraising, administration or accommodation purposes, Kew has not capitalised heritage buildings acquired before 2001/02. Under FRS30 this is allowable where it is considered that the cost of obtaining valuations for other existing buildings would be onerous compared to the benefit to the readers of the Accounts. Expenditure on new buildings over £0.25m is capitalised.

#### Collections

The Board of Trustees has reviewed the costs of valuing the heritage assets by collection including, in particular, the staff time involved and consider that the cost of obtaining valuations for all existing collections would be onerous, because of the time it would take, compared to the benefit to the readers of the Accounts. Therefore no values have been placed on these as allowed by FRS30. New items to the collections costing more than £2,000 and acquired after 2001, are capitalised.

Collections are unlikely to depreciate and are expected to have a life in excess of 50 years so no depreciation is provided against them. Impairment reviews of these collections are undertaken on a five year basis and when changes in circumstances dictate.

#### Other fixed assets

Other fixed assets are stated at their value to the business by reference to cost less depreciation (previously at current costs). This change in accounting policy has no material impact to the Accounts. Except in respect of other fixed assets, historical costs are not disclosed as required by the SORP as, in the view of the Accounting Officer and the Board of Trustees, this adds no information of value to the Accounts.

**Depreciation**

Capital items costing more than £2,000 are capitalised as fixed assets. Depreciation is provided on all fixed assets, except land and collections, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

**Buildings:** between 20 and 80 years

**Gardens equipment:** between 5 and 20 years

**Scientific and laboratory equipment:** over 10 years

**Computer and photographic equipment:** between 3 and 10 years

**Office equipment and motor vehicles:** over 5 years

A full month (year in the case of buildings) of depreciation is charged in the month of disposal and none in the month of acquisition.

**Construction in progress**

Internally generated assets are recognised as construction in progress, and not depreciated until the completed asset is brought into service.

**Research and Development**

Expenditure on research activities is written off as incurred, due to the inherent uncertainty surrounding the economic benefit resulting from the asset. Capitalisation of development costs is contingent on fulfilment of the criteria noted in IAS 38 (Intangible Assets).

**Intangible fixed assets**

When fully operational in the business, internally generated software is stated at fair value, which is depreciated replacement cost. Values are updated annually using appropriate indices. Assets in construction are not amortised until brought into use. IT software assets are amortised over a 3 year period.

**Stock**

Stock is stated at the lower of cost and net realisable value.

**Pensions**

Pension arrangements are described in Note 20 to the accounts. Pension contributions payable by Kew are expensed as incurred.

**Investments**

Investments are stated at current market value at the balance sheet date. Valuations are kept up-to-date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities only includes unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. As explained in the fixed asset accounting policy note, historical cost disclosures have not been provided.

**Net liquid resources**

Liquid resources comprise short term cash deposits. All cash is held in commercial banks and none with the Government Banking Service.

**Reserves**

Reserves are analysed under the headings Unrestricted, Restricted and Endowment Funds.

**General reserves**

The Board of Trustees, with the approval of the Secretary of State for Environment, Food and Rural Affairs, may undertake certain activities the proceeds from which, together with donations and funds from other sources, including those profits of RBG Kew Enterprises Limited

which have been covenanted to Kew, but excluding Grant-in-aid, are taken to the General Reserves. These funds may be used at the Board's discretion within the terms of section 24 of the National Heritage Act 1983.

**Restricted funds**

These are funds which have been given to Kew for specific purposes by donors.

**Endowment funds**

These are capital funds where Trustees have no power to convert the capital to income. However, the income generated by these funds can be used for the purposes for which the endowment was given.

**Revaluation reserve**

This represents the cumulative difference between historic and current costs of fixed assets.

**Taxation**

The Royal Botanic Gardens, Kew is an exempt charity as a consequence of Schedule 5 subsection 4 of the National Heritage Act 1983. RBG Kew Enterprises Limited covenants most of its profits to the Royal Botanic Gardens, Kew and consequently only a small amount of taxation may be payable, mainly due to timing differences. The Royal Botanic Gardens, Kew and RBG Kew Enterprises Limited are group registered for VAT purposes and are able to recover part of their input VAT, and all VAT balances are processed through RBG Kew.

**Leases**

Royal Botanic Gardens Kew has no finance leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis.

**3 Grant-in-aid**

Grant-in-aid of £28.0m was received from Defra in 2013/14 (2012/13 £32.5m). Of this £13.6m is restricted to specific revenue and capital projects (2012/13 £nil).

£0.4m was received in advance in 2012/13 for 2013/14, and cash accounted for in 2012/13. This therefore formed part of the operating surplus in 2012/13 and allocated to unrestricted general reserves. This element of reserves was utilised in 2013/14.

**4 Grants and donations**

	Unrestricted	Restricted	2013/14	2012/13
	£m	£m	£m	£m
Income received from Kew Foundation	3.4	7.4	<b>10.8</b>	8.8
Other project income	0.8	1.9	<b>2.7</b>	3.6
EU project income	-	0.3	<b>0.3</b>	0.4
Grant for maintaining Wakehurst Place	-	0.1	<b>0.1</b>	0.1
Donations	-	0.3	<b>0.3</b>	0.2
	<b>4.2</b>	<b>10.0</b>	<b>14.2</b>	13.1

**5 Activities for generating funds – trading**

	2013/14	2012/13
	£m	£m
Retailing	<b>3.3</b>	3.1
Commercial development (i)	<b>5.0</b>	3.5
	<b>8.3</b>	6.6

(i) Commercial development consists of concerts, licensing and venue hire.

**6 Incoming resources from charitable activities**

	2013/14	2012/13
	£m	£m
Admissions	5.5	4.5
Catering contracts	0.8	0.9
Education charges	0.3	0.2
Sale of fixed assets	-	0.1
Other income from third parties	2.5	1.8
	<b>9.1</b>	<b>7.5</b>

Other income from third parties consists of supplies made of goods and services from, amongst other things, consultancies, provision of photographs, reproduction fees and identification services and rents receivable.

**7 Resources expended**

	Staff Costs £m	Dep'n £m	Other Allocated		2013/14 Total £m	2012/13 Total £m
			Direct Costs £m	Support Costs £m		
Trading costs	1.7	-	4.4	-	6.1	4.9
Research and conservation	17.3	2.1	7.4	13.9	40.7	41.1
Visitor activities	4.0	0.8	3.4	1.9	10.1	12.3
Governance costs	0.1	-	0.1	-	0.2	0.2
Support costs	6.4	-	9.4	(15.8)	-	-
	<b>29.5</b>	<b>2.9</b>	<b>24.7</b>	<b>-</b>	<b>57.1</b>	<b>58.5</b>

Unrecovered VAT for the year of £0.4m has been charged against these accounts (2012/13 £0.5m). £54k (2012/13 £49k) was paid to the external auditors for audit fees. £40k (2012/13 £37k) was paid for the audit of RBG Kew, and £14k (2012/13 £12k) for the audit of RBG Kew Enterprises. No other fees were paid to the external auditors.

**8 Support costs**

	Staff Costs £m	Other Direct Costs £m	Total 2013/14 £m	Total 2012/13 £m
Estates	1.0	7.6	8.6	9.7
IT	2.3	0.8	3.1	3.1
HR	0.7	0.3	1.0	0.9
Directorate	0.8	0.3	1.1	1.4
Finance	1.2	0.3	1.5	1.0
Other support	0.4	0.1	0.5	0.2
	<b>6.4</b>	<b>9.4</b>	<b>15.8</b>	<b>16.3</b>

**9 Staff costs and trustees' emoluments****a Employees with earnings above £60,000**

	2013/14	2012/13
£60,000 – 69,999	9	10
£70,000 – 79,999	4	3
£80,000 – 89,999	5	6
£90,000 – 99,999	-	2
£100,000 – 109,999	1	1
£110,000 – 119,999	-	1
£140,000 – 149,999	1	-
	<b>20</b>	<b>23</b>

Details of senior staff remuneration can be found in the Remuneration Report.

**b Staff salaries and social security**

	2013/14	2012/13
	£m	£m
Salaries	21.6	20.4
Social security costs	1.7	1.6
Pension costs	3.5	3.3
Redundancy and severance costs	1.2	1.0
Total staff costs	<b>28.0</b>	26.3
Agency staff costs	2.9	2.5
Capitalised salary and related costs	(1.4)	(0.8)
Net employee costs	<b>29.5</b>	28.0

£1.0m salary and social security costs (2012: £0.5m) and £0.1m pension costs (2012: £0.1m) have been capitalised within Non-Current Assets. There are £0.3m (2012: £0.2m) of agency staff costs which have also been capitalised.

**c Reporting of Compensation Schemes – Voluntary Exit Packages**

	Total Number of Voluntary Exit Packages	
	2013/14	2012/13
<b>Number of employees at:</b>		
Less than £10,000	-	2
£10,000 to £25,000	9	13
£25,000 to £50,000	9	6
£50,000 to £100,000	9	4
£100,000 to £150,000	1	2
<b>Total Number of Exit Packages</b>	<b>28</b>	<b>27</b>
<b>Total Resource Cost (£m)</b>	<b>1.2</b>	<b>1.0</b>

**d The average monthly number of employees during the year, full-time equivalents, analysed by function**

	2013/14	2012/13
<b>Number of employees at:</b>		
Botanical science	268	253
Horticulture	186	181
Visitor services and marketing	86	89
Information services	102	96
Support services and Estates management	86	81
Directorate	11	7
RBG Kew Enterprises Ltd	51	51
	<b>790</b>	<b>758</b>

The number of employees includes 42 agency staff for 2013/14 (2012/13: 42).

The costs of the equivalent of 43 full-time employees (2012/13: 22 employees) were capitalised within Non-Current Assets.

**e Trustees' remuneration**

Trustees do not receive any remuneration for their services. Travelling and subsistence expenses of three Trustees (2012/13: two) amounting to £4,029 (2012/13 – £2,991) have been charged at cost as part of other direct costs.

## 10 Intangible and tangible assets Royal Botanic Gardens, Kew and Consolidated

	Software	IT Work in Progress	Total Intangible Assets	Gardens Equipment	IT Equipment	Other Equipment	Work in Progress	Total Tangible Assets
Valuation	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	1.0	0.7	1.7	4.9	2.8	8.9	-	16.6
Additions	0.3	2.5	2.8	-	0.2	0.4	2.8	3.4
Disposals	(0.8)	-	(0.8)	(0.5)	(0.1)	(1.0)	-	(1.6)
Revaluation	-	-	-	0.1	-	-	-	0.1
Transfers	1.4	(1.4)	-	-	-	-	-	-
<b>At 31 March 2014</b>	<b>1.9</b>	<b>1.8</b>	<b>3.7</b>	<b>4.5</b>	<b>2.9</b>	<b>8.3</b>	<b>2.8</b>	<b>18.5</b>
<b>Depreciation</b>								
At 1 April 2013	0.9	-	0.9	2.7	1.6	6.4	-	10.7
Charge for the year	-	-	-	0.3	0.4	0.4	-	1.1
Disposals	(0.8)	-	(0.8)	(0.5)	(0.1)	(0.9)	-	(1.5)
Revaluation	-	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>	<b>2.5</b>	<b>1.9</b>	<b>5.9</b>	<b>-</b>	<b>10.3</b>
<b>Net book value</b>								
<b>At 31 March 2014</b>	<b>1.8</b>	<b>1.8</b>	<b>3.6</b>	<b>2.0</b>	<b>1.0</b>	<b>2.4</b>	<b>2.8</b>	<b>8.2</b>
At 31 March 2013	0.1	0.7	0.8	2.2	1.2	2.5	-	5.9

## 11 Heritage assets

	Land	Dwellings	Buildings	Assets under construction	Collections	Total
Valuation	£m	£m	£m	£m	£m	£m
At 1 April 2013	36.8	12.6	93.4	-	0.1	142.9
Additions	-	-	-	-	0.2	0.2
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	2.8	1.0	6.7	-	-	10.5
<b>At 31 March 2014</b>	<b>39.6</b>	<b>13.6</b>	<b>100.1</b>	<b>-</b>	<b>0.3</b>	<b>153.6</b>
<b>Depreciation</b>						
At 1 April 2013	-	2.6	22.5	-	-	25.1
Charge for the year	-	0.2	1.6	-	-	1.8
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Revaluation	-	0.2	1.6	-	-	1.8
<b>At 31 March 2014</b>	<b>-</b>	<b>3.0</b>	<b>25.7</b>	<b>-</b>	<b>-</b>	<b>28.7</b>
<b>Net book value</b>						
<b>At 31 March 2014</b>	<b>39.6</b>	<b>10.6</b>	<b>74.4</b>	<b>-</b>	<b>0.3</b>	<b>124.9</b>
At 31 March 2013	36.8	10.0	70.9	-	0.1	117.8

The valuations of the land and buildings were carried out by Powis Hughes & Associates, Chartered Surveyors, and Fanshawe, Chartered Quantity Surveyors. The most recent valuations were made on an existing use basis at 31 March 2012 and were prepared in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The land was valued at £36.1m and the buildings at £76.6m. All heritage asset categories have been revalued with the exception of Collections.

## 11 Heritage assets continued

As explained in Note 2 existing buildings at 31 March 2001 that are not used for fundraising, administration or accommodation purposes have not been capitalised and Kew's collections have not been capitalised, as allowed by FRS30.

The Kew site of 132 hectares is a Grade I historic landscape and a World Heritage Site. The Wakehurst Place site of 202 hectares is in an Area of Outstanding Natural Beauty. Kew manages over 280 buildings on the Kew and Wakehurst Place sites. Five of these are Grade I listed – the Orangery, Pagoda, Palm House, Temperate House and Wakehurst Place Mansion – and there are 37 Grade II listed buildings. The age of the buildings ranges from the 19th century through to the 21st century. RBG Kew occupies Crown land and buildings and does not currently have express obligations to undertake and hence provide for ongoing or accumulated maintenance for that land and buildings. Maintenance is undertaken and paid for in cooperation with Defra. RBG Kew has a five year Forward Maintenance and Replacement Programme for its Estate. Funds available for maintenance are prioritised by the Executive Board to the most urgent needs. A project to restore the Temperate House is underway, supported by a grant from the Heritage Lottery Fund and further funding from Defra (underwriting) and the Foundation. Costs to date (primarily relating to design) have been expensed.

All new land and buildings above the capitalisation threshold have been included in the balance sheet since April 2001 and transactions over the last five years are summarised below. In 2012/13 Kew acquired the land and building of Havelock farm on the land adjacent to Wakehurst Place.

	2009/10	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m	£m
<b>Valuation</b>					
At 1 April	127.0	122.7	127.7	139.5	<b>142.8</b>
Additions funded by Government Grants	1.0	2.5	0.8	-	-
Additions funded by other grants and donations	0.5	0.1	-	0.8	-
Disposals	-	-	(0.9)	-	-
Revaluations	(5.8)	2.4	11.9	2.5	<b>10.5</b>
<b>At 31 March</b>	<b>122.7</b>	<b>127.7</b>	<b>139.5</b>	<b>142.8</b>	<b>153.3</b>

Kew manages its collections as national reference collections as required by the National Heritage Act 1984. There are 19 separate collections recognised, but they combine into six main areas as follows:

1. Herbarium collections: these consist of herbarium specimens (dried pressed specimens), spirit preserved specimens and mycological specimens.
2. Economic Botany collections: items and artefacts that demonstrate the use of plants.
3. Library, Art and Archives collections: these include books, periodicals, pamphlets, prints and drawings, objects d'art, handwritten material and photographs relating to the history of Kew.
4. Living collections: all plants cultivated at Kew and Wakehurst Place.
5. Seed collections: all the living seeds collected as part of the project and stored in the Millennium Seed Bank

building at Wakehurst Place, and the reference seed collections.

6. Microscope Slides collections: these relate to plant anatomy, palynology, cytogenetics and mycology.

There is extensive information about Kew's collections available on the internet at

<http://www.kew.org/science-conservation/collections> and a brief summary for each of the main areas follows:

The Herbarium collections total approximately 8.3 million specimens. They are actively managed by the scientists at Kew and are added to each year from collecting expeditions by Kew staff and other institutions.

The Economic Botany collections are fully catalogued and consist of approximately 91,500 items added to annually with items from all around the world. All the collections are available for inspection and there is also a permanent display of items for the general public in Museum No.1 in the Gardens.

The Library, Art and Archives collections consist of over 8 million items, of which 7 million are archive sheets, and together they represent one of the most important botanical reference sources in the world. The Library Reading Room is open to the public and parts of the art collection are on show to the public in changing displays in the Shirley Sherwood Gallery of Botanical Art and the permanent display in the Marianne North Gallery.

The Herbarium, Economic Botany and Library and Archives collections are being made available via ongoing digitisation projects to wider audiences and are accessible through the internet.

The Living collections are fully catalogued and managed by the horticulturists at Kew and Wakehurst. They provide a reference source for all botanical and horticultural science within Kew, with approximately 69,000 accessions representing 28,000 taxa.

Kew's Millennium Seed Bank at Wakehurst Place is the result of one of Kew's most successful projects and holds Kew's Seed collection of approximately 57,000 samples representing 342 families and 30,000 species, made up of 1.6 billion seeds.

The Microscope Slide collections total about 200,000 items and continue to be prepared by Kew's scientists as part of their research leading to publications and as part of their identification work, including advisory work for UK Customs.

All of Kew's collections are actively managed and used for research purposes. The numbers of additions in the last four years are as follows:

	2010/11	2011/12	2012/13	2013/14
Herbarium collections	34,108	37,564	34,891	<b>45,326</b>
Economic Botany collections	413	533	5,500	<b>35</b>
Library, Art and Archives collections	12,430	16,679	18,879	<b>13,154</b>
Living collections	2,140	1,316	1,347	<b>1,345</b>
Seed collections	3,109	3,400	7,444	<b>6,907</b>
Microscope Slides collections	4,900	1,012	863	<b>3,675</b>

The majority of Kew's collections are held indefinitely and cared for to maintain their quality and to make them available for research and to the public as appropriate. In relation to the Living Collections, Kew's disposal procedures detail the factors to be considered including the conservation rating of the plant and if it is in cultivation in other Botanic Gardens.

## 12 Investments

	Royal Botanic Gardens Kew		Consolidated	
	2014	2013	2014	2013
	£m	£m	£m	£m
Valuation at 1 April	0.6	0.6	0.3	0.3
Revaluation	-	-	-	-
	<b>0.6</b>	0.6	<b>0.3</b>	0.3

Investments at 31 March are analysed as follows:

	Royal Botanic Gardens Kew		Consolidated	
	£m	£m	£m	£m
RBG Kew Enterprises Ltd	0.3	0.3	-	-
Charities Official Investment Fund	0.3	0.3	0.3	0.3
	<b>0.6</b>	0.6	<b>0.3</b>	0.3

## 13 Debtors

	Royal Botanic Gardens Kew		Consolidated	
	2014	2013	2014	2013
	£m	£m	£m	£m
Trade debtors	0.8	0.7	1.1	1.1
Prepayments and accrued income	1.0	1.0	1.4	1.2
Owed by subsidiary	2.4	1.5	-	-
Owed by the Foundation	2.5	1.2	2.5	1.2
VAT (HMRC)	0.8	0.9	0.8	0.9
Other	1.6	0.6	1.6	0.6
<b>Total Debtors</b>	<b>9.1</b>	5.9	<b>7.4</b>	5.0

### Intra Government Bodies:

Balances with Central Govt Bodies	2.3	1.5	2.3	1.5
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	6.8	4.4	5.1	3.5
<b>Total Debtors</b>	<b>9.1</b>	5.9	<b>7.4</b>	5.0

## 14 Creditors: Amounts falling due within one year

	Royal Botanic Gardens Kew		Consolidated	
	2014	2013	2014	2013
	£m	£m	£m	£m
Trade creditors	0.9	1.4	1.0	1.4
Accruals & Deferred Income	6.9	8.0	8.2	9.3
Provisions	0.1	0.2	0.1	0.2
Other	0.1	0.1	0.2	0.2
Tax & NI	0.5	0.5	0.5	0.5
Other (PCSPS)	0.4	0.3	0.4	0.3
<b>Total Creditors</b>	<b>8.9</b>	10.5	<b>10.4</b>	11.9
<b>Intra Government Bodies:</b>				
Balances with Central Govt Bodies	0.9	0.8	0.9	0.8
Balances with Local Authorities	-	-	-	-
Balances with Public Corporations	-	-	-	-
Balances with Bodies External to Government	8.0	9.7	9.5	11.1
<b>Total Creditors</b>	<b>8.9</b>	10.5	<b>10.4</b>	11.9

Provisions are for early retirement costs and outstanding small claims against the organisation and are expected to be utilised in the next one to two years. Other creditors include £0.1m for a loan for energy saving measures which is repayable as the savings are realised. This is likely to be paid back by March 2015. In 2013 accruals included a £0.9m liability for gas consumption undercharged in prior periods. In 2014 the invoices were paid and any remaining accrual released.

## 15 Trading subsidiary

The subsidiary undertaking is as follows:

Name RBG Kew Enterprises Limited

Registered in England & Wales Company Number 2798886

Registered address Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AB

Activity Retailing and commercial development

Proportion of shares held Ordinary and Redeemable shares 100%

A summary of the results of the subsidiary is shown below. All values are at historic costs.

	2013/14	2012/13
	£m	£m
Activities for generating funds – trading	8.3	6.6
Costs of generating funds – trading	(6.1)	(4.9)
<b>Net surplus</b>	<b>2.2</b>	1.7
Add back consolidation adjustments (intercompany expenditure)	(0.6)	(0.5)
<b>Net surplus excluding adjustments</b>	<b>1.6</b>	1.2
Gift Aid payable to Kew	(1.6)	(1.2)
<b>Retained in the subsidiary</b>	<b>-</b>	-
<b>Balance sheet</b>		
Current assets	4.4	3.2
Current liabilities	(4.1)	(2.9)
	<b>0.3</b>	0.3
<b>Share capital and reserves</b>	<b>0.3</b>	0.3

## 16 Statement of reserves Royal Botanic Gardens, Kew and Consolidated

	At 1 April 2013	Income	Expenditure	Revaluation	At 31 March 2014
	£m	£m	£m	£m	£m
<b>Unrestricted</b>					
General – other	5.0	34.2	(35.2)	-	4.0
General–capital	37.7	1.9	(1.9)	-	37.7
Capital Revaluation Reserve	75.3	-	(0.8)	8.8	83.3
<b>Total Unrestricted</b>	<b>118.0</b>	<b>36.1</b>	<b>(37.9)</b>	<b>8.8</b>	<b>125.0</b>
<b>Restricted</b>					
General–capital	11.5	4.6	(0.4)	-	15.7
Capital Revaluation Reserve	-	-	-	-	-
Donations	0.6	0.3	(0.1)	-	0.8
Projects	-	18.7	(18.7)	-	-
<b>Total Restricted</b>	<b>12.1</b>	<b>23.6</b>	<b>(19.2)</b>	<b>-</b>	<b>16.5</b>
<b>Endowment</b>					
Scott-Marshall	0.2	-	-	-	0.2
Robin Spare Book Fund	-	-	-	-	-
<b>Total Endowment</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>
<b>Total Reserves</b>	<b>130.3</b>	<b>59.7</b>	<b>(57.1)</b>	<b>8.8</b>	<b>141.7</b>

The Donations fund represents money given mainly by members of the public for specific purposes ranging from the purchase of books for the Library to money to support different parts of the gardens. There are 12 different accounts within Donations (2012/13 12).

Projects are where RBG Kew receives money from third parties to fund various activities such as specific areas of research, developments in the gardens, restoration of buildings etc., much of this money coming via the Foundation. There were over 70 such projects this year.

The addition to capital funds reflects grants received during the year for

capital expenditure, while the expenditure reflects the depreciation of those assets and any loss on disposal for the year.

The income from the Scott-Marshall endowment is to be used to provide travel scholarships for horticultural staff at Kew.

The income from the Robin Spare Book Fund is to be used to purchase books for the School of Horticulture library at Kew. The balance on this reserve at 31 March 2014 was £3k (2012/13 £3k).

There were no transfers between reserves.

## 17 Analysis of net assets between reserves

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
General – Other	4.0	0.8	0.1	4.9
General – Capital	37.7	15.7	-	53.4
Revaluation Reserve	83.3	-	0.1	83.4
	<b>125.0</b>	<b>16.5</b>	<b>0.2</b>	<b>141.7</b>

## 18 Analysis of reserves

	Unrestricted	Restricted	Endowment	Total
	£m	£m	£m	£m
Reserves balances at 31 March are represented by:				
Fixed Assets	121.0	15.7	-	136.7
Investments	-	0.1	0.2	0.3
Current Assets	9.2	5.9	-	15.1
Creditors	(5.2)	(5.2)	-	(10.4)
	<b>125.0</b>	<b>16.5</b>	<b>0.2</b>	<b>141.7</b>

## 19 Fruitless payment

In 2009/10 RBG Kew entered into a five year contract with Oracle with a total value of £1.7m for the provision of software licences (£0.8m) and support and maintenance (£0.9m) for Kew's content management systems and its proposed Enterprise Business Systems covering financial and HR needs. Equal payments of £0.3m were made in each year.

The cost of support and maintenance services is being expensed as incurred over the five year term of the service contract, while the software licence cost was capitalised under intangible assets and amortised over three years. At 31 March 2014, the asset was fully written down (2013 - NBV £Nil).

The amount charged in the SOFA to March 2014 was £0.2m (2013 - £0.8m), comprising the amortisation of £nil (2013 - £0.4m) and charges for support and maintenance of £0.2m (2013 - £0.4m). There are no further payments to be made.

Following the go live of the new website content management system in March 2014 and the decision not to transfer to Defra HR and Finance shared services in 2013, the Oracle licences held within software assets had no further use within the organisation and were disposed of. Cost and accumulated depreciation was £0.8m and there was therefore no loss on disposal.

## 20 Pension Costs

The staff of the Royal Botanic Gardens, Kew are members of the Principal Civil Service Pension Scheme (PCSPS). As the PCSPS is an unfunded multi-employer defined benefit scheme, Kew is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation

([www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)).

For the year ended 31 March 2014, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2013:16.7% to 24.3%). The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. An updated valuation is expected in 2014/15. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2014 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Total employer contributions to the PCSPS were £3.4m (2013:£3.1m).

RBG Kew Enterprises operates a Group Personal Pension Plan for its employees, which is a defined contribution scheme.

It made pension contributions of £0.1m (2012/13 £0.1m) to this scheme during the year. 55 staff were members of the defined contribution scheme at 31 March 2014 and the remaining staff were members of the PCSPS.

## 21 Commitments

At 31 March 2014 there were major financial commitments in relation to professional fees and other costs associated with the Temperate House renovation project (£1.8m) and software (£0.3m). There were no major financial commitments at 31 March 2013.

The amount payable within one year is £0.9m (2012/13 £nil).

## 22 Contingent liabilities

There were no material contingent liabilities at 31 March 2014 or 31 March 2013.

## 23 Connected Charities and other related party transactions

Kew has dealings with the Department for Environment, Food and Rural Affairs and its sponsored bodies, and other Government Departments and their sponsored bodies, and receives Grant-in-aid from Defra.

### Connected Charities

As stated in the Statutory Information the purpose of the Foundation and Friends of the Royal Botanic Gardens, Kew is to provide support for Kew and, as shown in Note 4, £10.8m was received in 2013/14 (2012/13 £8.8m). Kew provides services and facilities to the Foundation and Friends which are made on an arm's length basis. The Foundation and Friends runs a membership scheme which provides a range of services to its members and Kew allows its members free access to Kew Gardens and Wakehurst Place. Further information about the Foundation and Friends can be found on page 14 or from Kew Foundation Trustees Report and Financial Statement for the year ending 31 March 2014. Marcus Agius, Henry Keswick and George Loudon were Trustees of the Foundation and Friends throughout the year.

The Bentham-Moxon Trust is a separate registered charity (registration no. 305966) which provides financial support for botanical collections and research and publications that further the work of Kew. Two members of Kew staff are Trustees along with three external Trustees. The Trust makes annual grants, some of which are made to Kew and some to non-related parties and organisations.

### Other Related Party Transactions

During the year RBG Kew had the following transactions in which there was a related interest:

Mr. Marcus Agius, Chairman, was a Senior Independent Director of the BBC until November 2012. There were therefore no related interests in 2013/14. Income in 2012/13 from BBC Worldwide was £3,600 and expenditure was incurred of £835.

Dr. Geoffrey Hawthorn, Trustee, was a Senior Adviser at the Global Crop Diversity Trust. Kew received income of £nil (2012/13 £5,094).

Professor Jonathan Drori was a Trustee of The Woodland Trust. Income received in 2013/14 was £nil (2012/13 £3,510).

Enquiries about the Trustees' Register of Interests should be sent to the Head of Legal, Royal Botanic Gardens, Kew, Richmond, Surrey, TW9 3AB.

## 24 Financial instruments

As the cash requirements of Kew are met largely through Grant-in-aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. Kew has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal.

## 25 Post balance sheet events

These financial statements were authorised by the Accounting Officer for issue on the same date as they were certified by the Comptroller and Auditor General.

## Annex

## Royal Botanic Gardens, Kew Five year financial summary

## Statement of Financial Activities

	2009/10	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m	£m
<b>Incoming resources</b>					
Grant-in-aid	28.6	24.6	28.5	32.5	28.0
Grants and donations	6.6	9.1	6.4	13.1	14.2
Income from activities	13.7	13.3	13.9	14.1	17.4
Investment income	0.1	0.1	0.1	0.1	0.1
<b>Total incoming resources</b>	<b>49.0</b>	<b>47.1</b>	<b>48.9</b>	<b>59.8</b>	<b>59.7</b>
<b>Resources expended</b>					
Charitable expenditure and governance costs	46.3	42.8	50.7	53.6	51.0
Cost of generating funds	4.3	4.2	4.7	4.9	6.1
<b>Total resources expended</b>	<b>50.6</b>	<b>47.0</b>	<b>55.4</b>	<b>58.5</b>	<b>57.1</b>
<b>Net incoming resources</b>	(1.6)	0.1	(6.5)	1.3	2.6
Revaluation of fixed assets	(3.1)	2.4	11.7	2.2	8.8
<b>Net movement in reserves</b>	(4.7)	2.5	5.2	3.5	11.4
Reserves at 1 April	123.8	119.1	121.6	126.8	130.3
<b>Reserves at 31 March</b>	<b>119.1</b>	<b>121.6</b>	<b>126.8</b>	<b>130.3</b>	<b>141.7</b>

## Summary Balance Sheet

	2010	2011	2012	2013	2014
	£m	£m	£m	£m	£m
Fixed assets	112.9	115.9	122.1	124.8	137.0
Current assets	13.4	16.4	16.2	17.4	15.1
Creditors	(7.2)	(10.7)	(11.5)	(11.9)	(10.4)
<b>Total assets less current liabilities</b>	<b>119.1</b>	<b>121.6</b>	<b>126.8</b>	<b>130.3</b>	<b>141.7</b>
Unrestricted	107.4	110.0	115.3	118.0	125.0
Restricted	11.5	11.4	11.3	12.1	16.5
Endowment	0.2	0.2	0.2	0.2	0.2
<b>Total reserves</b>	<b>119.1</b>	<b>121.6</b>	<b>126.8</b>	<b>130.3</b>	<b>141.7</b>





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