

Resource accounts

2006-2007

The National Archives

A non-ministerial government department and executive agency

Management commentary

for the year ended 31 March 2007

1. About The National Archives

The National Archives is at the heart of information policy - setting standards and supporting innovation in information and records management across the UK, and providing a practical framework of best practice for opening up and encouraging the re-use of public sector information. This work helps inform today's decisions and ensure that they become tomorrow's permanent record. The National Archives is also the UK government's official archive, containing 900 years of history from Domesday Book to the present, with records ranging from parchment and paper scrolls through to recently created digital files and archived websites. Increasingly, these records are being made available online.

The National Archives is a non-ministerial government department and an executive agency under the Secretary of State for Justice. We give detailed guidance to government departments and the public sector on information management, in order to ensure the survival of records in whichever form they are created, be it paper or digital. We also advise custodians throughout the public and private sectors about the care of historical archives.

In October 2006, The National Archives merged with The Office of Public Sector Information, bringing together policy leadership across the whole information management spectrum. Through the merger, The National Archives gained expertise in finding, using, sharing and trading information throughout government and the wider public sector, consolidating its resources in best practice and guidance in preserving information for the future.

Vision and objectives

During 2006-7 the National Archives developed its Vision for 2007 – 2012, which is to:

- Lead and transform information management
- Guarantee the survival of today's information for tomorrow
- Bring history to life for everyone

Through this Vision we aim to safeguard the 21st Century archive by ensuring that digital information is managed as soon as it is created, that it survives for future generations to use, and that information can be delivered to researchers in the best possible way to meet their needs.

During the year, The National Archives worked to achieve the following high-level objectives:

- Seamless information services from document creation to delivery on the web
- Excellence in records management practice throughout the public sector
- Preservation of the nation's archival heritage
- Services available and relevant to all
- Raising our profile and that of archives as a whole
- A leadership role in the archives and records management community

Management and structure

During the year under review, the functions and duties of The National Archives were carried out by five directorates:

Public Services and Marketing was responsible for making our records available to the public, both onsite and online, and for developing and promoting high-quality public services. It provided expert advice and other services to readers and remote users, and expert knowledge about the records through the creation and refinement of traditional and electronic finding aids. It provided the means for researchers to obtain a copy of a record, either onsite or online. It was also responsible for the storage of public records and for making them available to the public and government users.

The Directorate was responsible for making catalogues, records and advice available to the public electronically on the Internet. It managed The National Archives' web site, digitisation programme and e-learning initiatives, and provided various services promoting the archives to readers and remote users. It organised publicity and marketing activities designed to raise awareness of The National Archives and was responsible for promoting good internal communications. It arranged a programme of activities including school visits, events and exhibitions, and engaged in publishing, retailing, licensing and other income-generating activities.

Collections and Technology was responsible for overseeing the management of current records in government, both paper and electronic. It guided and supervised government departments and other public record bodies in the selection and transfer of records to The National Archives, or to other suitable archives. It then preserved those records by ensuring that they were maintained and stored in good order. It developed special provisions for selecting and preserving electronic records and deals with relevant aspects of government information policy. It also advised the Lord Chancellor on the records system in general and on the implementation of the Freedom of Information (FOI) Act in this respect.

The Directorate also liaised with other record offices designated as places of deposit for public records. It made enquiries about the existence and location of records relating to British history outside the public records, and recorded details of those records in The National Register of Archives (NRA). It provided advice to private owners, the V&A Purchase Grant Fund, the Heritage Lottery Fund, the Manuscripts Conservation Trust and other bodies on grant applications from archive institutions. It also advised the relevant government bodies on the Acceptance of Manuscripts in Lieu of tax.

Collections and Technology was also responsible for the maintenance and development of The National Archives' ICT infrastructure, including operational ICT and more specialised development, including long-term digital preservation.

Finance and Corporate Services ensured the efficient, effective and proper use of The National

Archives' financial, staff and other resources. It was responsible for essential support services. These included finance, procurement, internal audit, the monitoring of project controls and risk management. It also managed security and the general management of the estate and its facilities. All of these functions supported The National Archives in meeting its business and corporate objectives.

The Public Sector Information Directorate, was created from the merger of OPSI with The National Archives in October 2006. This Directorate is at the heart of information policy, setting standards, delivering access and encouraging the re-use of public sector information. OPSI provided a wide range of services to the public, information industry, government and the wider public sector relating to finding, using, sharing and trading information.

Human Resources handled all aspects of recruitment and selection, pay, learning and development, employee relations and health and welfare. This included policy development and advice to managers and staff as well as day-to-day personnel administration.

2. How we work

Employment policy

The National Archives is committed to equality of opportunity for all. Policies are in place to guard against discrimination and to ensure that there are no unfair or illegal barriers to employment or advancement within The National Archives. Suitability for employment is based on qualifications and eligibility of individuals irrespective of race, age, gender, marital status, disability or sexual orientation. The National Archives follows the Civil Service Code of Practice on the Employment of Disabled People, which aims to ensure that there is no discrimination on the grounds of disability.

At the end of 2006-07 The National Archives had 608 employees (569.32 full time equivalents). These were made up of 589 permanent staff and 19 casual staff. 293 staff (48.2 %) were women. Of the 589 permanent staff, 34 (5.8 %) would be recognised as having a disability in the context of the Disability Discrimination Act 1995. Of the 561 staff who have

declared their ethnic origin, 102 (18.18 %) were from ethnic minorities.

The National Archives, through its senior managers, meets regularly with staff and Trades Union representatives in a number of forums, including Whitley Council, Health and Safety Committees and link groups. The National Archives provides a welfare service for its employees.

Values

The National Archives has a set of common values for the organisation, which ensure that all staff are able to identify what behaviour is expected of all staff members. These values are:

- Putting customers first
- Being responsible guardians
- Setting open information free
- Trusted to deliver
- Working together

Customers

The National Archives is committed to involving its customers in the development of its services. It operates a number of consultation groups, including a Regular Readers Forum (for Kew) and the User Group (for the Family Records Centre), Online User Advisory Panel, and Cataloguing User Advisory Group. Online service development is tested from scratch with real users.

Users of The National Archives have an extraordinary wealth of knowledge about its collections. The National Archives is keen to harness this knowledge for the benefit of other users, and to facilitate this, has introduced a Wiki to its website. This enables researchers to contribute directly and share their expertise. This forms an important part of The National Archives' future plans to work closely with its users to improve the services it offers.

Social, Community and Environmental Issues

The National Archives is an integral part of the Kew landscape, and is committed to being a positive and responsible neighbour. The public is free to use

our award-winning grounds and we help to fund local improvements in signage. We advertise staff vacancies in local newspapers to ensure that employment opportunities are available to local residents. We host meetings for local organisations and work with them to enhance our mutual objectives. We also consult with them when making significant changes to our buildings.

We are committed to reducing our use of energy. Our energy review has continued during 2006-07 and we have established a Green Group to identify energy-saving opportunities. During 2007-08 we aim to reduce our energy consumption by 2%.

Departmental Report

The National Archives' departmental report was presented to Parliament as part of The Department for Constitutional Affairs' Departmental Report. This outlined progress against objectives for the performance year and was published in May 2007.

3. Our financial and performance management, and risk management approach

Statement of payment practice

The National Archives operates a policy of paying within 30 days of receipt of goods or services, or receipt of the invoice (whichever is later). During 2006-07, 99% were paid within agreed credit periods.

Preparation of the accounts

The accounts are prepared in accordance with the direction given by the Treasury in pursuance of section 5(2) of the Government Resources and Accounts Act 2000.

Financial Control

The National Archives is funded through the Supply Estimates. These are the means by which government seeks authority from Parliament for its own spending each year. The National Archives' net total resources outturn for which authority was sought and approved through the Supply Estimates was £44.3m. The actual outturn for the

financial year was £38.3m, a saving of £6.0m. The cash requirement of The National Archives is projected on a monthly basis. We liaise with Her Majesty's Treasury to enable these funds to be made available through the Office of HM Paymaster General (OPG), which is The National Archives' main banking facility. We also maintain facilities with the National Westminster Bank to clear retail transactions through to the OPG and also arrange for electronic transactions (debit and credit cards) to be collected on The National Archives' behalf. Management information is reported to the Executive Team monthly and all budget holders are subjected to at least a quarterly review of all of their costs and revenue. This review enables us to respond quickly to variances, identify where action is required and ensure that the best use is made of public money.

Financial Position

In 2006-07, The National Archives' net outturn of £38.3m was £6m under the amount allocated in the Spending Review 2004 (£44.3m after taking into account the amount allocated to PSI). Savings were identified to ensure that The National Archives could continue to meet its statutory obligations over the next spending review period by taking early measures. This is the result of close financial control of the discretionary elements of expenditure and investments made to reduce the ongoing running costs of the organisation. Significant savings were made in agency staff, consultancy, maintenance and telecoms spend. This was achieved by reviewing all headcount and major contracts as they were renewed, this work is ongoing. The carry forward to 2007-08 in £6.0m; this is required to fund 'Kew 2008' (the move of the Families Record Centre to Kew including upgrading the Reading Rooms), significant investment on repository climate control to protect our documents in the light of climate change, and an agreed transfer back to the Ministry of Justice. In 2007/8, other major areas of expenditure will be website re-design to meet the needs of our offsite customers and continuing the work on the electronic records programme.

The net unspent amount of £6.0m is made up of an underspend on both cash & non cash. The Net Cash

Requirement was under the voted estimate by £7.9m, but the majority of this was not drawn. The National Archives was 9th of 32 in the cash flow management league for small departments compared to 1st last year; this fall was largely due to the effects immediately post-merger with OPSI in 2006/07.

Capital expenditure was £2.7m, resulting in an underspend on capital of £0.5m. Capital spend increased from the previous year, due to expenditure on Seamless Flow and investments to reduce ongoing running costs. This underspend will be used in 2007-08 for the capital elements of the Kew 2008 programme and other investments. The non-cash elements of expenditure were also underspent against the estimate and last year; this was due to a reduced level of impairment provision required in 2006/07.

Over the coming years we will face increasing financial pressure. The National Archives has a challenging new Vision to realise as well as managing the ongoing pressure of dealing with digital and paper information. We are looking at all expenditure critically to limit increases and we are reviewing all income lines and our income strategy in order to grow income at ten percent per annum to help fund future expenditure.

Audit

The financial statements have been audited by the National Audit Office on behalf on the Comptroller and Auditor General. The audit fee was £65,000 (see note 20). The National Audit Office did not provide any non-audit services during the year.

As far as the Accounting Officer is aware, there is no relevant audit information of which the National Audit Office is unaware. The Accounting Officer has taken all steps necessary to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Key Performance Targets

The National Archives' performance against its key performance indicators continues to be extremely strong, meeting 19 of its 21 targets. This is shown in detail earlier in this report.

Risks and Uncertainties

The National Archives' major strategic risks are set out in a Corporate Risk Register. The top three risks identified during 2006-07 were as follows:

- Core funding from government is reduced or does not increase with inflation
- 1911 Census Project (a) failure of project to deliver (b) The National Archives is required to release 1911 Census information early
- Inadequate management of relations with key external stakeholders/partners

All of these risks were managed well in-year. Our SR07 finishing settlement has given us financial certainty through to 2011, and our position on the 1911 census is now clear and the immediate consequences manageable, following the Information Commissioner's decision notice this year. We believe that we managed the risks of poor stakeholder communication well by communicating our new Vision, the OPSI merger and the FRC relocation very effectively.

All Programme, Project Boards and departments maintain risk registers, which are evaluated regularly.

Pension Liabilities

Present and past employees are covered by the provisions of the Civil Service pension arrangements. These are explained in detail in the Remuneration Report and note 3 to the accounts. Benefit expenditure for Civil Service pensions is borne on the Civil Superannuation Vote. Where The National Archives bears the cost of pension provision for staff, it is by the payment of an annual accruing superannuation charge. The charge is shown under "other pension costs" in note 3 to the accounts.

4. Review of activities

During 2006-7 The National Archives saw a rapid increase in the content accessed via its website, with delivery of documents onsite and online reaching 67 million at year-end against a target of 43 million. The National Archives' website received 22.5 million web visits (over 25% higher than target) from a global audience.

The National Archives carried out five major development projects during the year to ensure that it continues to meet the needs of future researchers. All of these projects were completed successfully, and included:

- Continuation of the Seamless Flow programme, which will introduce effective processes for the transfer, storage and management of electronic documents. This will ensure that The National Archives is ready to manage the increasing numbers of digital records that are being created by departments and agencies.
- Introduction of the 'global search' facility across all the online resources on The National Archives' website, enabling researchers to find information quickly and easily. Global Search won the Best User Experience category at the 2006 International Information Industry Awards.
- Drafting, communicating and beginning to implement a new five-year Vision and strategy. In late 2006 The National Archives merged with the Office of Public Sector Information, broadening the organisation's remit and reinforcing its role at the heart of information management.
- Producing a new human resources and organisational development strategy to support The National Archives' Vision.
- Devising and embedding sound complaints processes and reporting as an alternative to litigation; an integral part of the maturing implementation of regulatory standards for information re-use across the public sector. The UK has been acknowledged as an exemplar in this area within the EU.

The National Archives continues to perform well against statutory timescales under the Freedom of Information Act, with 98.7% of the 1,940 FOI enquiries it received during the first half of the year answered within target. The organisation continues to receive one of the highest volumes of FOI enquiries across government.

The National Archives' public services continue to deliver efficient and high quality services.

Customer satisfaction with onsite services was high; a survey in June 2006 showed a 95.15% rating. There has been notable growth in online usage, and The National Archives' website was the fifth most popular government site during the year. A 'digital express' service was launched successfully, which delivers electronic copies directly and quickly to the researcher. This new service achieved over 99% efficiency in its delivery targets during the first half of the year. The National Archives' online services are underpinned by a robust infrastructure, with 99% of web services available during the year.

The National Archives continues to perform above target in its educational activities, including workshops provided to schoolchildren and usage of online teaching resources.

The National Archives' Governance

Following the comprehensive governance review undertaken during 2005-06, The National Archives Management Board now consists of 6 Executive Directors and 5 Non-Executive Directors.

At the end of 2006-07, the members of the Management Board were:

Natalie Ceeney

Chief Executive (Keeper of Public Records and Historical Manuscripts Commissioner)

Mark Lamb

Director – Human Resources

Erika Stoddart

Director – Finance & Corporate Services

James Strachan

Director – Public Services & Marketing

David Thomas

Director – Collections & Technology

Carol Tullo

Director – Public Sector Information, (Controller, Queen's Printer of Acts of Parliament, Queen's Printer for Scotland and Government Printer for Northern Ireland)

Mark Addison

Non-Executive Director

Bronwen Curtis

Non-Executive Director

Barry Glassberg

Non-Executive Director

Meyrick Vevers

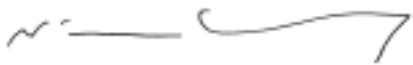
Non-Executive Director

Baroness Lola Young

Non-Executive Director

Details of the remuneration for the Chief Executive and other Senior Civil Servants are shown in the Remuneration Report.

There were no company directorships nor other significant interests held by Management Board members that conflicted with their management responsibilities.



Natalie Ceeney

Accounting Officer

16 July 2007

Remuneration Report

Senior Civil Service Grades

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age. Early termination, other than for misconduct,

would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Natalie Ceeney was appointed on a five-year contract commencing on 17 October 2005. Her contract expires on 16 October 2010, but may be extended. Erika Stoddart was appointed on a three-year contract commencing on 15 May 2006. Her contract expires on 14 May 2009. James Strachan was appointed on a four-year contract commencing on 3 April 2006. His contract expires on 2 April 2010. All contracts can also be terminated under the standard procedures of the Civil Service Management Code.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the department.

The Remuneration Committee consists of three Non-Executive Directors: Barry Glassberg, Bronwen Curtis and Meyrick Vevers, advised by the Human Resources Manager Mary Jewkes.

The policy on remuneration of senior civil servants at The National Archives was revised and updated this year. The policy, and the deliberations of the Remuneration Committee, follow the guidance and recommendations of the Senior Salaries Review Body.

Senior staff have written objectives agreed with the Chief Executive, and these form the basis of formal appraisal and subsequent pay and bonus recommendations. Their appraisals are assessed by the Remuneration Committee who determine their pay awards according to the Senior Salaries Review Body's recommendations. The Chief Executive's pay and bonus are dealt with by the separate Remuneration Committee of the Ministry of Justice.

Percentage salary increases, and performance bonuses, are agreed by the Remuneration Committee in accordance with strict guidance and parameters set each year by the Cabinet Office.

The salary and pension entitlements and the value of any taxable benefits in kind of the Chief Executive and Directors of The National Archives were as follows (audited):

Name	Salary including performance pay 06/07	Salary including performance pay 05/06	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/06 and related lump sum	CETV at 31/3/06	CETV at 31/3/07	Employee contributions and transfer in	Real increase in CETV
	£000 in bands of £5000	£000 in bands of £5000	£000 in bands of £5000	£000 in bands of £5000	Nearest £000	Nearest £000		Nearest £000
Natalie Ceeney – Chief Executive	115-120	(from Oct 05 – March 06) 45-50	0 – 2.5	10 – 15	98	115	4	13
Mark Lamb – Director (from 10/4/06)	60-65	N/A	0 – 2.5	0 – 5	N/A	19	2	17
Erika Stoddart – Director (from 15/5/06)	80-85	N/A	0 – 2.5	0 – 5	N/A	16	3	14
James Strachan – Director (from 1/4/06)	70-75	N/A	0 – 2.5	0 – 5	19	36	3	14
David Thomas – Director	75-80	75-80	0 – 2.5 plus 0 – 2.5 lump sum	30 – 35 plus 80 – 85 lump sum	632	700	3	41
Carol Tullo – Director	80-85	80-85	0 – 2.5 plus 5 – 7.5 lump sum	10 – 15 plus 30 – 35 lump sum	157	195	1	33

Natalie Ceeney, Mark Lamb, James Strachan, Carol Tullo, Erika Stoddart and David Thomas did not receive any benefits in kind. There were no employer contributions to partnership pension accounts in respect of any of the above.

Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with

changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 but members may give up (commute) some of

their pension to provide a lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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). Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

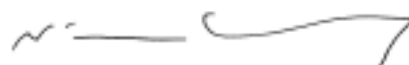
The Cash Equivalent Transfer Value (CETV)

This 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 CETV

figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Columns 5 & 6 of the above table show the employee's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. See Note 3 to the Accounts for information on all staff costs of The National Archives.



Natalie Ceeney
Accounting Officer
16 July 2007

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, The National Archives is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by The National Archives during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The National Archives, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Treasury has appointed the Keeper of Public Records and sole Historical Manuscripts Commissioner as Accounting Officer of The National Archives with responsibility for preparing The National Archives' accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts the Accounting Officer is required to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments 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 accounts;
- prepare the accounts on the going-concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of The National Archives' policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of The National Archives' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impacts should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The National Archives for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

As part of a review of risk management in 2006-07 The National Archives revised its risk management framework to ensure that it takes account of the following:

- The National Archives' role, vision, values, strategic plan and business priorities;
- Our consultative approach to decision-making;
- The National Archives' governance arrangements, in particular links with stewardship reports, internal review arrangements, and associated roles and responsibilities.

I have personal statutory authority for investigations carried out by The National Archives,

and as its Accounting Officer have ultimate responsibility for managing risk, and responsibility for approving major decisions, taking into account The National Archives' risk profile or exposure.

Senior members of The National Archives are personally responsible for the management of key risks. In June 2006, a workshop was held with the Executive Team to review and agree the strategic risks facing the organisation. Individual responsibility for each strategic risk is assigned to a Director, as risk owner, who reports quarterly to the Management Board. The National Archives also ran workshops to identify the risk appetite of the organisation and agree an amended uniform risk register template for the whole organisation. In February 2007 a workshop was held with some of our key sub-risk owners to complete the Risk Management Assessment Framework to score where the organisation is and where it wants to be in twelve months' time. It is hoped to have embedded risk management into five key areas over the next eighteen months: IT, Estates, Collection Care, Finance and Document Services.

The National Archives wishes to be innovative in a number of areas and is consequently prepared to accept higher levels of risk than in the past. However, by continually reviewing and monitoring the status of its risks, we will proactively manage them.

The risk and control framework

To support me in ensuring the effective governance of The National Archives, I have recently brought in three new Non-Executive Directors onto the Management Board who will also serve on the Audit Committee with the two existing Non-Executive Directors. This replaces the three members of the Audit Committee who were not members of the Management Board. This ensures that the Audit Committee has a greater knowledge of the work of The National Archives. The Chair of the Audit Committee is a qualified CCAB accountant with Finance Director experience in the Private Sector. We have also comprehensively updated the Audit Committee's Terms of Reference. The Non-Executive Directors on the Management Board are also ensuring that governance is at the heart of any Management Board decision.

The Management Board provides specific advice and support to me on:

- purpose, vision and values;
- strategic direction, planning and risk management;
- accountability to stakeholders, including stewardship of public funds;
- internal control arrangements.

All Management Board members also meet formally and informally with other senior managers and are members of specific high-profile programme boards.

Although not in place by year-end, a new risk management framework is now being implemented. This sets out our risk policy, risk appetite and management approach. The framework is based around simple, non-bureaucratic processes reflecting best practice. The key aim is to encourage staff at all levels in a positive way, which supports effective delivery, innovation and improvement – within a systematic framework of analysis, evaluation and review. The framework will be periodically updated and made available to all staff via our intranet.

The strategic risk register has been closely tied to the strategic plan and business plan objectives.

Current strategic risks are in the areas of:

- Delivering the vision – ensuring that we deliver the programmes that will realise our plan;
- 1911 Census – we must ensure that the 1911 partner delivers a quality product on time;
- Stakeholder management-positioning and communication with stakeholders – we need to ensure that stakeholders are clear about our role and purpose to enable us to be effective in influencing;
- Talent Management – we must ensure we can keep, motivate and develop our workforce for the future to be adaptable, diverse and well motivated;
- Stewardship of resources – we need to ensure value for money in all that we do;
- Knowledge and information management – we need to ensure that we are sharing knowledge and using it effectively;
- Kew 2008 – we must ensure that we have a

Reading Room that delivers what our customers want in a cost-effective manner;

- Business continuity management – we need to have contingency arrangements in place to allow The National Archives to deliver its services.

During the year we also reviewed our approach to internal audit and assurance work. This has resulted in agreement of new arrangements implemented in 2006-07 including:

- Appointing a new Risk Improvement Manager who will manage all risk work, and ensuring that Internal Audit recommendations and comments are followed up; and
- Commencement of new internal audit service providers – the core of these services will in future be provided by The Land Registry.

Review of effectiveness

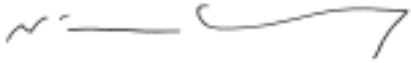
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Directors and senior managers within The National Archives who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board, the Audit Committee, and a plan is in place to address any weaknesses and ensure continuous improvement of the system.

The Audit Committee is responsible for providing advice and assurance on the adequacy and effectiveness of internal control and risk management. It also oversees internal and external audit arrangements, which cover all areas of The National Archives' work, including both financial and non-financial systems.

During the year, The Land Registry completed a full programme of internal audit work around the strategic risks. All reports are being acted upon and improvements have been made during the year. Where areas have limited assurance this has

concerned the embedding of risk management and getting to the root cause and effect of the risk.

There have been no material internal control issues.

A handwritten signature in black ink, appearing to read 'Natalie Ceeney', with a stylized flourish at the end.

Natalie Ceeney
Chief Executive

16 July 2007

The Certificate and Report of the Comptroller and Auditor General to the House Of Commons

I certify that I have audited the financial statements of The National Archives for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives 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 Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and

whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Management Commentary, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence

relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2007, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and

- information given within the Annual Report, which comprises the Management Commentary, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General

18 July 2007

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

Statement of Parliamentary Supply
SUMMARY OF RESOURCE OUTTURN 2006-07

	Note	2006-07						2005-06 (Restated)	
		Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess)	Outturn
		Gross expenditure 1	A in A 2	NET TOTAL 3	Gross expenditure 4	A in A 5	NET TOTAL 6		
£000	£000	£000	£000	£000	£000	£000	£000		
Request for Resources 1	2	49,227	(4,894)	44,333	43,237	(4,894)	38,343	5,990	42,292
Total Resources		49,227	(4,894)	44,333	43,237	(4,894)	38,343	5,990	42,292
Non-Operating-Cost A in A		-	-	-	-	-	-	-	-
Net Cash Requirement				39,862			31,991	7,871	34,204

	Note	Estimate £000	Outturn £000	2006-07 Net total outturn compared with Estimate saving/ (excess) £000	2005-06 Outturn £000
Net Cash Requirement	8	39,862	31,991	7,871	34,204

Summary of income payable to the consolidated fund (In addition to the appropriations in aid, the following income relates to the department and is payable to the consolidated fund)					
	Note	2006-07 Forecast		2005-06 Outturn	
		Income £	Receipts £	Income £000	Receipts £000
Total	5	-	-	197	-

Short term cash savings made by reducing agency cost, slowing recruitment and stopping all discretionary expenditure to enable hypothecated spending in 2007/8 on transfer to Ministry of Justice, Kew 2008, upgrade to the repositories, resilience and web re-design to meet future requirements.

Explanations of variances between Estimate and outturn are given in Note 2 and in the Management Commentary.

The notes on pages 41 to 58 form part of these accounts.

OPERATING COST STATEMENT
for the year ended 31 March 2007

		2006-07			2005-06 (Restated)		
	Note	Staff Costs £000	Other Costs £000	Income £000	Staff Costs £000	Other Costs £000	Income £000
Administration Costs:							
Staff costs	3	20,769			21,117		
Other administration costs	4		21,310			24,575	
Operating income	5			(5,091)			(4,604)
Totals		20,769	21,310	(5,091)	21,117	24,575	(4,604)
Programme Costs							
Request for resources 1							
Staff Costs		–			–		
Other administration costs	4a		1,158			1,204	
Operating income				–			–
Totals		–	1,158	–	–	1,204	–
Net Operating Cost	7			38,146			42,292

STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2007

	Note	2006-07 £000	2005-06 £000
Net gain on revaluation of tangible fixed assets	21	7,907	4,757
Recognised gains and losses for the financial year		7,907	4,757

The notes on pages 41 to 58 form part of these accounts.

BALANCE SHEET
as at 31 March 2007

	Note	31 March 2007		31 March 2006 (Restated)	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	11	111,933		106,332	
Intangible assets	12	533		355	
			112,466		106,687
Debtors falling due after more than one year	16		73		36
Current Assets					
Stocks	15	302		226	
Debtors	16	3,577		2,941	
Cash at bank and in hand	17	1,661		539	
		5,540		3,706	
Creditors (amounts falling due within one year)	18	(6,995)		(4,285)	
Net Current Liabilities			(1,455)		(579)
Total Assets less Current Liabilities			110,084		106,144
Provisions for Liabilities and Charges	19		(570)		(510)
			110,514		105,634
Taxpayers' Equity					
General fund	20		70,455		72,576
Revaluation reserve	21		40,059		33,058
			110,514		105,634

The notes on pages 41 to 58 form part of these accounts.



Natalie Ceeney
Accounting Officer

16 July 2007

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2007

	Note	2006-07 £000	2005-06 (Restated) £000
Net cash outflow from operating activities (<i>Note 20a</i>)	23a	(29,244)	(32,294)
Capital expenditure and financial investment (<i>Note 20b</i>)	23b	(2,747)	(1,910)
Payments of amounts due to the Consolidated Fund		–	–
Financing	23c	33,113	33,166
Increase/Decrease in cash in the period	23d	1,122	(1,038)

The notes on pages 41 to 58 form part of these accounts.

NET OPERATING COSTS BY DEPARTMENTAL AIMS AND OBJECTIVES for the year ended 31 March 2007

Aims:

- to assist and promote the study of the past through the public records and other archives in order to inform the present and the future
- to advise government on records management, archive policy and related information policy matters
- to advise record custodians in the public and private sectors on best practice in records and archives management

Objectives:	2006-07			2005-06 (Restated)		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Selection Overseeing records management in government and selecting the public records to provide an information resource for our generation and for future generations.	4,398	(115)	4,283	4,086	(110)	3,976
Preservation Preserving the public records	12,674	(19)	12,655	12,496	(15)	12,481
Access Providing access to the public records and promoting their value and use as a national information and educational resource.	26,165	(4,957)	21,208	30,314	(4,479)	25,835
Net Operating Cost	43,237	(5,091)	38,146	46,896	(4,604)	42,292
see note 22						

Key Ministerial targets	2006-07		2005-06	
	Outturn	Target	Outturn	Target
Unit cost of selecting and preserving the public records per metre	£77.89	£97.00	£93.83	£97.00
Unit cost per information transaction with customers onsite and online	£0.96	£2.66	£2.77	£4.04

Information transactions are all types of service interactions with users. These range from onsite reader visits and delivery of documents to telephone and email enquiries and documents delivered over the Internet.

The notes on pages 41 to 58 form part of these accounts.

Notes to the accounts

1 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2006-07 Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by The National Archives are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under UK GAAP, the *FReM* also requires the department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Net Operating Costs by Departmental Aim and Objectives* and supporting notes analyse the department's income and expenditure by the objectives agreed with Ministers.

Where the Financial Reporting Manual permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. This department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Tangible fixed assets

Tangible fixed assets other than land and buildings consist of computer hardware and software and office equipment. Computer software includes the capitalisation of costs relating to the development of databases such as Documents Online. Public Records and other heritage assets held by The National

Archives are not valued and capitalised. The records held by The National Archives span one thousand years and fill about 176 kilometres of shelving. They are held in many formats from medieval vellum and parchment to modern computer disks. They are made up of a variety of items ranging from traditional paper records to seals, maps, costumes, paintings, films, items of court evidence etc. Most of the records are unique and irreplaceable and have been preserved for their historical, legal and administrative value.

The National Archives is the beneficial owner of the freehold land and buildings at Kew.

Freehold land and buildings are stated at current cost using professional valuations every five years and appropriate indices in intervening years. Other tangible fixed assets have been stated at current cost using appropriate indices.

The minimum level for capitalisation of an individual tangible fixed asset is £1,000.

1.3 Intangible fixed assets

Intangible fixed assets comprise software licences purchased from third parties. They are amortised over their estimated useful life of 5 years.

1.4 Depreciation

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal installments over their estimated useful lives. Lives are normally in the following ranges:

Freehold buildings	40 years
Computers and software	up to 5 years
Office equipment	up to 10 years
Conservation equipment	up to 25 years
Electric trucks	up to 10 years

1.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

1.6 Operating income

Operating income is income which relates directly to the operating activities of The National Archives. It principally comprises fees and charges for services provided to external customers, but it also includes grants from the Heritage Lottery Fund.

1.7 Deferred income

This comprises payments in advance for work, which has not been undertaken at the balance sheet date.

1.8 Administration expenditure

Administration costs reflected the costs of running The National Archives as defined under the administration cost-control regime, together with associated operating income.

1.9 Programme expenditure

The National Archive's expenditure has been classified as 100% programme from 1 April 2007. For 2006/07 accounts, our programme expenditure was for public access to legislation in public libraries. The expenditure for 2006/07 was £1.2m against an estimate of £1.6m.

1.10 Capital charge

A non-cash capital charge, reflecting the cost of capital utilised by the department, is included in operating costs. The charge is calculated at the Government's standard rate of 3.5 per cent in real terms on the average of opening and closing net assets employed except amounts to be surrendered to the Consolidated Fund and cash holdings with the Office of the Paymaster General, where the charge is nil.

1.11 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described in the Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from

employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the department recognises the contributions payable for the year.

1.12 Early departure costs

The National Archives is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The National Archives provides in full for this cost when the early retirement programme has been announced and is binding on the department. Prior to 2005-06, the National Archives has settled some of its liabilities in advance by making payments to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown gross of any such payments.

1.13 Operating leases

Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term.

1.14 Value Added Tax

Most of the activities of the department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 Merger with Office of Public Sector Information

With effect from 1st October 2006 The National Archives merged with the Office of Public Sector Information (OPSI). In accordance with HM Treasury guidance in the Financial Reporting Manual this has been accounted for as a merger. As a consequence the FY 05/06 comparative figures have been restated to include OPSI operating costs and balances. The restated figures for FY 05/06 primary statements are as follows:

	Pre merger		
	05-06	05-06	05-06
	(Restated)	TNA	OPSI
	£000s	£000s	£000s
Net Operating Cost:	42,292	40,420	1,872
Recognised Gains and Losses:	4,757	4,757	0
Net Assets:	105,634	105,740	(106)
Net Cash Inflow from Financing:	33,166	31,400	1,766

Average number of employees during 2005/6 were 559 for The National Archives and 29 for OPSI.

All figures for FY 06/07 are inclusive of both organisations.

2 Analysis of net resource outturn by section

	Outturn						2006-07 Estimate	2005-06 (Restated)	
	Admin. £000	Other Current £000	Grants £000	Gross resource expenditure £000	A in A £000	Net total £000	Net total £000	Prior-year outturn £000	
Request for Resources 1									
Promoting the study of the past in order to inform the present and the future by selecting, preserving and making publicly available public records of historical value and by encouraging high standards of care and public access for archives of historical value outside the public records									
Section A									
Public Record Office	39,033		–	39,033	(3,889)	35,144	40,752	5,608	39,272
Section B									
Historical Manuscripts Commission	1,147	–	–	1,147	(5)	1,142	1,142	–	1,147
Section C									
Office of Public Sector Information	1,899	1,158	–	3,057	(1,000)	2,057	2,439	382	1,873
Resource outturn	42,079	1,158	–	43,237	(4,894)	38,343	44,333	5,990	42,292

Short term cash savings made by reducing agency cost, slowing recruitment and stopping all discretionary expenditure to enable hypothecated spending in 2007/8 on transfer to Ministry of Justice, Kew 2008, upgrade to the repositories, resilience and web re-design to meet future requirements.

The variance between resources and outturn relates to ongoing commitments on electronic records development which remains on target.

Detailed explanations of the variances are given in the Management Commentary.

3 Staff numbers and costs

A. Staff costs consist of:

	2006-07		2005-06 (Restated)	
	£000	£000	£000	£000
	Total	Permanently Employed Staff	Others	Total
Wages and salaries	16,853	15,475	1,378	17,279
Social Security costs	1,220	1,220	–	1,258
Other pension costs	2,837	2,837	–	2,582
Sub Total	20,910	19,532	1,378	21,119
Less recoveries in respect of outward secondments	(141)	(141)	–	(2)
Total net costs	20,769	19,391	1,378	21,117

Details of Senior Civil Service staff costs are set out in the Remuneration Report.

B. The PCSPS is an unfunded multi-employer defined benefit scheme but The National Archives 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-pensions.gov.uk).

C. For 2006-07, employers' contributions of £2,778,439 were payable to the PCSPS (2005-06 £2,557,260) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will increase from 2007-08, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and include past experience of the scheme.

D. Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. During 2005-06 employers' contributions of £25,680 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are

age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £2,212, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were actually £3741. Contributions prepaid at that date were £nil.

E. The average number of whole-time equivalent persons employed, including senior management, during the year was as follows:

	2006-07	2005-06 (Restated)
	No.	No.
Selection	77	69
Preservation	62	77
Access	439	442
	578	588

F. Agency and consultancy costs were reduced from £3.3m in 2005/06 to £1.5m in 2006/07.

4 Other administration costs

	2006-07		2005-06 (Restated)
	£000	£000	£000
Rentals under operating leases:			
Hire of plant and machinery	333		419
Other operating leases	691		685
		1,024	1,104
Non-cash items:			
Depreciation			
Civil Estate	2,671		2,519
Other fixed assets	1,595		1,627
downward revaluation of fixed assets	588		415
impairments	0		703
loss on disposal of fixed assets	21		204
Cost of capital charge			
Civil Estate	3,260		3,396
Other Items	0		295
auditor's remuneration – audit work	65		65
Provisions:			
Provided in year	362		375
		8,562	9,599
Other expenditure			
Accommodation	6,041		6,054
Consultancy	117		1,142
University of London	691		823
Travel, subsistence and hospitality	294		362
Recruitment & Training	405		670
Digitisation	45		487
IT maintenance	641		794
Shop stores	184		229
Conferences	160		187
Minor software & Hardware	183		506
Advertising	20		303
Record copying material	158		205
Legal expenses	101		181
Telecommunications	69		200
Other expenditure	2,615		3,392
Less VAT recovery on contracted out services	0		(1,663)
		11,724	13,872
		21,310	24,575

4 a. Programme Costs

	2006-07		2005-06 (Restated)
	£000	£000	£000
Other expenditure	1,158		1,204
		1,158	1,204
		1,158	1,204

4 a. Programme Costs (continued)

Note a – the total of non-cash items included in the Reconciliation of Resources to the Net Cash Requirement comprises:		
	2006-07 £000	2005-06 £000
Total non-cash transactions as above	8,562	9,599
Adjustment for loss on disposal of tangible fixed assets	(21)	(204)
Non-cash items per reconciliation of resources to net cash requirement	8,541	9,395

5 Operating income

Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

Note	2006-07 Forecast		2006-07 Outturn	
	Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess A in A	–	–	197	–
Operating income not classified as Appropriations in Aid	–	–	–	–
Non-operating income not classified as Appropriations in Aid	–	–	–	–
Other amounts collectable on behalf of the Consolidated Fund	–	–	–	–
Excess cash receipts to be surrendered to the Consolidated Fund	–	–	–	–

5 Operating income (continued)

Operating income not appropriated-in-aid (transferred to the Consolidated Fund) is analysed for resource budget purposes between that which

is included in public expenditure and that which is not (see note 7). In 2006-07, there was no income classified as non A in A.

2006-07 a)	Resource Outturn		Operating Cost Statement
	Appropriated in aid	Payable to Consolidated Fund	Income
	£000	£000	£000
Operating income analysed by classification and activity, is as follows:			
Administration income:			
Fees and charges to external customers	4,778	197	4,975
Fees and charges to other government departments	116	–	116
	4,894	197	5,091

2005-06 (Restated)	Resource Outturn		Operating Cost Statement
	Appropriated in aid	Payable to Consolidated Fund	Income included in Operating Cost Statement
	£000	£000	£000
Operating income analysed by classification and activity, is as follows:			
Administration income:			
Fees and charges to external customers	4,507	–	4,507
Fees and charges to other departments	97	–	97
	4,604	0	4,604

5 Operating income (continued)

b) An analysis of operating income from services provided is as follows:

	2006-07 Income £000	2006-07 Full cost £000	2006-07 Surplus/Deficit £000
Record Copying services	1,070	1,220	(150)
Information and Publishing	2,717	2,115	602
Other	1,304	1,304	–
	5,091	4,639	452

	2005-06 (Restated) Income £000	2005-06 (Restated) Full cost £000	2005-06 (Restated) Deficit £000
Record Copying services	1,299	1,716	(417)
Information and Publishing	2,160	2,233	(73)
Other	1,145	1,145	–
	4,604	5,094	(490)

c) The National Archives is required, in accordance with the Treasury's Fees and Charges Guide, to disclose performance results for its areas of activity. The segmental analysis is not intended to meet the requirements of Statement of Standard Accounting Practice 25: Segmental Reporting.

d) As a matter of policy, the full cost of services should normally be recovered. Some of our services are value-added services and so seek to make an additional margin to contribute to the overheads of The National Archives.

6 Outturn against final Administration Budget

	Budget £000	2006-07 Outturn £000	2005-06 (Restated) Outturn £000
Gross Administration Budget	47,999	42,079	45,692
Income allowable against the Administration Budget	(4,894)	(4,894)	(4,604)
Net outturn against final Administration Budget	43,105	37,185	41,088

7 Reconciliation of net operating cost to control total and net resource outturn

	2006-07 £000	2005-06 (Restated) £000
Net operating cost (Note a):	38,146	42,292
Consolidated Fund Extra Receipts (CFERs)	197	–
Net resource outturn (Note a)	38,343	42,292

Note:

- a) Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income which are subject to parliamentary approval and included in the department's Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

8 Reconciliation of Resources to Cash Requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/ (excess) £000
Net total resources		44,333	38,343	5,990
Capital:				
Cash purchase of fixed assets	13	3,235	2,747	488
Cash purchase of investments		–	–	–
Non-Operating-Cost A in A		–	–	–
Loss on fixed asset disposals	4	–	(21)	21
Accrual adjustments				
Non-cash items	4	(9,006)	(8,541)	(465)
Changes in working capital other than cash	14	–	(839)	839
Use of provision	19	–	302	(302)
Excess Cash to be CFERed		1,300		1,300
Net Cash Requirement		39,862	31,991	7,871

9 Analysis of net resource outturn by function and reconciliation to Operating Cost Statement

2006-07	Admin. £000	Other Current £000	Grants £000	Gross resource expenditure £000	A in A £000	Net total £000	Estimate £000	Net Total Outturn compared with Estimate £000
Request for Resources 1	42,079	1,158	–	43,237	(4,894)	38,343	44,333	5,990
Total	42,079	1,158	–	43,237	(4,894)	38,343	44,333	5,990
Resource outturn	42,079	1,158	–	43,237	(4,894)	38,343	44,333	5,990
Reconciliation to Operating Cost Statement								
Non A-in-A operating income					(197)	(197)		
Gross operating expenditure				43,237				
Operating income					(5,091)			
Net operating cost						38,146		

2005-06 (Restated)	Admin. £000	Other Current £000	Grants £000	Gross resource expenditure £000	A in A £000	Net total £000	Estimate £000	Net Total Outturn compared with Estimate £000
Request for Resources 1	45,692	1,204	–	46,896	(4,604)	42,292	44,883	2,591
Total	45,692	1,204	–	46,896	(4,604)	42,292	44,883	2,591
Resource outturn	45,692	1,204	–	46,896	(4,604)	42,292	44,883	2,591
Reconciliation to Operating Cost Statement								
Non A-in-A operating income					–	–		
Gross operating expenditure				46,896				
Operating income					(4,604)			
Net operating cost						42,292		

10 Analysis of capital expenditure, financial investment and associated A in A

2006-07					Estimate £000	Outturn Compared with Estimate £000
	Capital expenditure £000	Loans, etc. £000	A in A £000	Net total £000		
Request for Resources 1	2,747	–	–	2,747	3,235	488
Total	2,747	–	–	2,747	3,235	488

2005-06					Estimate £000	Outturn Compared with Estimate £000
	Capital expenditure £000	Loans, etc. £000	A in A £000	Net total £000		
Request for Resources 1	1,910	–	–	1,910	4,037	2,127
Total	1,910	–	–	1,910	4,037	2,127

11 Tangible fixed assets

	Freehold land and buildings £000	Equipment £000	IT including databases £000	Total £000
Cost or valuation				
At 1 April 2006 (Restated)	119,992	7,771	6,356	134,119
Additions	52	445	1,927	2,424
Disposals	–	(35)	(212)	(247)
Revaluation	9,051	162	(557)	8,656
At 31 March 2007	129,095	8,343	7,514	144,952
Depreciation				
At 1 April 2006 (Restated)	21,814	2,173	3,800	27,787
Charged in year	2,671	299	1,151	4,121
Disposals	–	(30)	(196)	(226)
Revaluation	1,309	28	0	1,337
At 31 March 2007	25,794	2,470	4,755	33,019
Net Book value at 31 March 2007	103,301	5,873	2,759	111,933
Net Book value at 31 March 2006 (Restated)	98,178	5,598	2,556	106,332

a) Freehold land and buildings were valued on 31st March 2007 at £103.3m on the basis of depreciated replacement cost by an external firm of Chartered Surveyors, Atis Real

Weatheralls Limited. Their valuation was carried out in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

12 Intangible fixed assets

	Software Licences £000
Cost or valuation	
At 1 April 2006	631
Additions	323
At 31 March 2007	954
Depreciation	
At 1 April 2006	276
Charged in year	145
At 31 March 2007	421
Net Book value at 31 March 2007	533
Net Book value at 31 March 2006	355

13 Reconciliation of cash flows to fixed asset additions

	£000
Cash flows for tangible fixed assets	2,424
Intangible fixed asset additions	323
Cash flows for total fixed assets	2,747

14 Movements in working capital other than cash

		2006-07 £000	2005-06 (Restated) £000
	Notes		
(Decrease)/Increase in stocks	15	76	(135)
Increase/(Decrease) in debtors	16	673	1,117
Less pre payments and accrued income relating to CFERs		(197)	0
(Increase) in creditors	18	(1,391)	(1,415)
Decrease in Supply working capital		(839)	(433)

15 Stocks

	2006-07 £000	2005-06 £000
Reprographic materials	35	28
Work in progress	0	15
Publishing and shop stocks	267	183
	302	226

16 Debtors

	2006-07 £000	2005-06 (Restated) £000
Amounts falling due within one year:		
VAT	434	1,225
Trade debtors	401	319
Other debtors	0	0
Deposits and advances	21	38
Prepayments and accrued income	2,721	1,352
Prepayments – early retirement	0	7
	3,577	2,941
Amounts falling due after one year:		
Prepayments and accrued income	73	36
Prepayments – early retirement	0	0
	73	36
	3,650	2,977

	2006-07 £000	2005-06 (Restated) £000
Debtors within 1 year		
Balances with other central government bodies	478	1,347
Balances with local authorities	1,643	29
Balances with NHS Trusts	0	0
Balances with public corporations and trading funds	0	21
Balances with bodies external to government	1,456	1,544
	3,577	2,941

	2006-07 £000	2005-06 £000
Debtors after 1 year		
Balances with other central government bodies	–	–
Balances with local authorities	–	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	–	–
Balances with bodies external to government	73	36
	73	36

17 Cash at bank and in hand

	2006-07 £000	2005-06 £000
Balance at 1 April	539	1,577
Net cash inflow/(outflow)	1,122	(1,038)
Balance at 31 March	1,661	539
The following balances at 31 March are held at:		
Office of HM Paymaster General	1,659	535
Commercial banks and cash in hand	2	4
	1,661	539
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund:		
Amounts issued from the Consolidated Fund for Supply but not spent at year end	1,661	539
	1,661	539

18 Creditors

	2006-07 £000	2005-06 (Restated) £000
Amounts falling due within one year		
Trade creditors	417	837
Accruals and deferred income	4,020	2,287
Tax, Social security and pensions	700	622
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,661	539
Consolidated Fund extra receipts received and receivable and other amounts due to be paid to the Consolidated Fund	197	-
	6,995	4,285

	2006-07 £000	2005-06 (Restated) £000
Creditors within 1 year		
Balances with other central government bodies	2,989	545
Balances with local authorities	1,643	10
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	61	0
Balances with bodies external to government	2,302	3,730
	6,995	4,285

19 Provisions for liabilities and charges

	Early departure costs £000	Other £000	Total £000
Balance at 1 April 2006 (Restated)	437	73	510
Charge for the year	(13)	375	362
Provisions utilised during the year	(302)	–	(302)
Balance at 31 March 2007	122	448	570

Early departure costs

The National Archives meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The National Archives provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated

payments discounted by the Treasury discount rate of 2.8 percent in real terms. In past years The National Archives paid in advance some of its liability for early retirement by making a payment to the Paymaster General's Account at the Bank of England for the credit of the Civil Service Superannuation Vote. The balance remaining is treated as a prepayment.

20 Reconciliation of Net Operating Cost to changes in General Fund

	Note	2006-07 £000	£000	2005-06 £000	£000
Net Operating Cost	7	(38,146)		(42,292)	
Surrender of excess appropriations in aid and CFERs	7	(197)		–	
			(38,343)		(42,292)
Net Parliamentary funding			33,113		33,166
Transferred to general fund in respect of realised element of revaluation reserve on depreciation	21		906		800
Consolidated Fund creditor for unspent cash	18		(1,661)		(539)
Settlement of previous year creditor for unspent cash	18		539		1,577
Notional charges:	4				
cost of capital charge		3,260		3,691	
auditor's remuneration (notional)		65		65	
			3,325		3,756
Decrease in General Fund			(2,121)		(3,532)
General Fund at 1 April 2006			72,576		76,108
General Fund at 31 March 2007			70,455		72,576

21 Reserves

	Revaluation reserve £000
At 1 April 2006	33,058
Arising on revaluation during the year	9,244
Transfer in respect of realised depreciation	(1,337)
Transferred to general fund in respect of realised element of revaluation reserve	(906)
Balance at 31 March 2007	44,059
The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets). There were no donated assets in 2006-07	

22 Notes to Net Operating Costs by Departmental Aims and Objectives

The National Archives' capital is employed exclusively for administration purposes. Its distribution amongst objectives is therefore not markedly different from the proportion of the related gross administration cost.

Administration costs and income have been attributed to objectives in accordance with the department's normal management accounting practices.

23 a. Reconciliation of operating cost to operating cash flows

	Notes	2006-07 £000	2005-06 (Restated) £000
Net operating cost		38,146	42,292
Adjustments for non-cash transactions	4	(8,562)	(9,599)
(Decrease)/Increase in stocks	15	76	(135)
Increase/(Decrease) in debtors	16	673	1,117
(Increase) in creditors	18	(1,391)	(1,415)
Use of provisions	19	302	34
Net cash outflow from operating activities		29,244	32,294

23 b. Analysis of capital expenditure and financial investment

	Notes	2006-07 £000	2005-06 £000
Tangible fixed asset additions	13	2,424	1,686
Intangible fixed asset additions	13	323	224
Proceeds of disposal of fixed assets		-	-
Net cash outflow for investing activities		2,747	1,910

23 c. Analysis of financing

	2006-07 £000	2005-06 (Restated) £000
From Consolidated Fund (Supply): current year	33,113	33,166
Advances from the Contingencies Fund	–	–
Repayments to the Contingencies Fund	–	–
Net financing	33,113	33,166

23 d. Reconciliation of Net Cash Requirement to decrease in cash

	Notes	2006-07 £000	2005-06 (Restated) £000
Net cash requirement (Schedule 1)	8	31,991	34,204
From Consolidated Fund (Supply): current year		(33,113)	(33,166)
Amounts due to the Consolidated Fund – received in a prior year and paid over	18	–	–
Amounts due to the Consolidated Fund – received and not paid over	18	–	–
(Increase)/Decrease in cash in the period	17	(1,122)	1,038

24 Capital commitments

Capital commitments totalling £394,000 exist at 31 March 2007. These relate to software supply for the seamless flow project.

25 Commitments under operating leases

Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.	2006-07 £000	2005-06 £000
Obligations under operating leases comprise:		
Land and buildings		
Expiry after more than 5 years	691	642
	691	642
Other		
Expiry within one year	16	111
Expiry between two and five years	89	90
	796	843

26 Other commitments

The National Archives has a service contract ending on 31 March 2008 with the University of London for the preservation of government datasets (UK National Data Archive for Datasets). The service

charge for 2007-08 will be £0.7m. The National Archives has not entered into any other non-cancellable contracts other than the one disclosed above.

27 Contingencies

There were no contingent assets or liabilities at 31 March 2007.

28 Related party transactions

The National Archives is a non-ministerial government department.

The Chief Executive reports to the Lord Chancellor.

None of the Management Board members, key managerial staff or other related parties has undertaken any material transactions with The National Archives during the year.

29 Financial Instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which it is financed, The National Archives is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The National Archives has very limited powers to borrow or invest funds and except for relatively insignificant forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

Liquidity Risk

The National Archives' net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. The National Archives is not therefore exposed to significant liquidity risks.

Interest Rate Risk

The National Archives is not exposed to any interest rate risk.

Foreign Currency Risk

The National Archive's exposure to foreign currency risk is not currently significant.

30 Accountability

No exceptional kinds of expenditure such as losses and special payments that required separate

disclosure because of their nature or amount were incurred.

31 Post Balance Sheet Event

The National Archives' financial statements are laid before the Houses of Parliament by HM Treasury. FRS 21 requires The National Archives to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are

despatched by The National Archives' management to HM Treasury.

The authorised date for issue is 24 July 2007.