

The Economic Impact of Museums in England: Case Studies

For Arts Council England





The Economic Impact of Museums in England: Case Studies

For Arts Council England

Prepared by TBR's Creative & Cultural Team in partnership with Pomegranate LLP and Scott Dickinson & Partners Ltd

Enquiries about this report can be addressed to;

Fiona Tuck, Head of Research

06 November 2014

Floor D, Milburn House,
Dean Street, Newcastle upon Tyne, NE1 1LE

Telephone: +44 (0) 191 279 0900

Fax: +44 (0) 191 221 2220

Email: fiona.tuck@tbr.co.uk

www.tbr.co.uk



Document Information

Project Reference Number	PN01114R
File Name	PN01114R_ArtsCouncilEngland_EconomicImpactMuseums_draft140814.docx
Title	The Economic Impact of Museums in England
Version number	V2
Last update	November 2014
Name of Author	Sara Selwood/Victoria Pirie/Scott Dickinson
Name of Reviewer	Scott Dickinson/Fiona Tuck
Document Status	Public
Review Status	Complete
Approval Status	Final

1. BEAMISH, THE LIVING MUSEUM OF THE NORTH	2
1.1 SUMMARY OF FINDINGS.....	3
1.2 DIRECT ECONOMIC IMPACT	3
1.3 IN-DIRECT ECONOMIC IMPACT.....	7
2. CHATHAM HISTORIC DOCKYARD	10
2.1 SUMMARY OF FINDINGS.....	10
2.2 DIRECT ECONOMIC IMPACT	10
2.3 IN-DIRECT ECONOMIC IMPACT.....	14
3. IMPERIAL WAR MUSEUM	17
3.1 SUMMARY OF FINDINGS.....	17
3.2 DIRECT ECONOMIC IMPACT	17
3.3 IN-DIRECT ECONOMIC IMPACT.....	21
4. THE TANK MUSEUM	23
4.1 SUMMARY OF FINDINGS.....	23
4.2 DIRECT ECONOMIC IMPACT	23
4.3 IN-DIRECT ECONOMIC IMPACT.....	27
5. TYNE AND WEAR MUSEUMS AND ARCHIVES	29
5.1 SUMMARY OF FINDINGS.....	29
5.2 DIRECT ECONOMIC IMPACT	29
5.3 IN-DIRECT ECONOMIC IMPACT.....	33
6. YORK MUSEUMS TRUST	35
6.1 SUMMARY OF FINDINGS.....	35
6.2 DIRECT ECONOMIC IMPACT	35
6.3 IN-DIRECT ECONOMIC IMPACT.....	39

1. Beamish, The Living Museum of the North

'Beamish: the Living Museum of the North' is Britain's largest open-air museum. It occupies a 350 acre site, leased from Durham County Council on behalf of all of the region's Local Authorities. The Museum tells the story of everyday life in the NE from the 1820s to World War Two, using its social, agricultural and industrial collections displayed in trans-located and reproduced period buildings. As a living museum, it includes a working tramway, two farms, a town and a colliery village based on those that were in the surrounding area.

This case study outlines the organisational arrangements pertaining to Beamish Museum - the scale of its operations (in terms of turnover, staff and volunteers), its income sources, the economic activities it undertakes in order to earn income, the different ways it achieves economic impacts and, where it is possible to calculate them, the scale of those impacts.

2012-13 was a significant year for Beamish, not least in terms of marking a particular stage in the transitions of its governance and operations. Those are described in the following paragraphs.

The Museum's *Development & Engagement Plan* describes the period 2009-10 to 2012-13 as a "stubbornly optimistic" phase for the Museum in response to what had been a "challenging moment". Visitor numbers had fallen by more than 40% between 1989-90 and 2008-9; by 2008-09 the Museum faced an operating deficit of £250,000, which looked likely to double by the following year. Revenues generated by its operations were insufficient to meet its running costs and there had been a long term decline in public funding from Local Authorities from around 40% of operating costs in 1989 to around 5% in 2008.

Following a fundamental business review, Beamish identified a number of specific areas for improvement: it opted for self-sufficiency, rather than relying on core revenue funding from its Local Authority partners or DCMS (subsequently ACE's) Renaissance funding. Whilst a Joint Committee representing the region's Local Authorities retained responsibility for capital investments, in 2008 responsibility for the day-to-day management of the Museum was transferred to a charity, Beamish Museum Ltd (BML). The charity assumed responsibility for its financial systems in 2009. It cut overheads and staffing costs by 15 – 20% in 2008/9 to manage its operating deficit but it also planned a programme of re-investment and improvements to the visitor experience to drive income and footfall.

At this point, the Museum defined its objectives as being to:

- develop a clearly differentiated offer as a living, working museum that positions the visitor at the heart of everything it does;
- establish genuine community engagement and purpose focused around regional identity;
- pursue a culture of self-reliance and entrepreneurialism, creating the revenue the Museum needs to sustain itself without having to rely on public subsidies/grants;
- control costs to secure financial sustainability;
- sustain and, if possible increase, visitor numbers by offering value for money, attracting people year-round (the Museum previously closed in the Winter) and re-engaging with regional audiences/stakeholders; and
- provide solid foundations for a longer-term development plan.

Much of its ability to deliver these objectives rested on its new emphasis of being a "living museum" and drawing on community engagement. As its Director explained: "The Museum had forgotten how powerful its connection to communities was in terms of helping it to tell the story of everyday life in the region: the community responds to and nurtures the collection" (Evans, 2014a).

By 2012-13, despite the recession, Beamish succeeded in increasing its visit numbers and turnover to record levels. Growth has been achieved in admissions income and gift aid, as well as trading in catering/retail and other secondary income (excluding grants).

2012-13 also marked the completion of a transition in the Museum's governance with the operating charity taking responsibility for both the day to day management and capital development, as well as dissolution of the Joint Committee. A Regional Stakeholders Group was established to help ensure the Museum continued to connect with its founding Local Authorities. Plans developed during the period 2011/12 - 2012-13 were realised in 2014.

This case study not only looks at Beamish's 2012-13 turnover, but also at proposed developments intended to increase the Museum's direct and indirect economic impact in the future. Its capital development project, *Remaking Beamish*, is described below. It draws on the most recent update of the Museum's *Development & Engagement Plan 2013 – 2025* (Beamish, 2014) and on ERS Research & Consultancy (2014) *Remaking Beamish: Benefit Analysis*, commissioned by the Museum.

1.1 Summary of findings

The direct economic impact (gross value added) of Beamish: the Living Museum of the North's (hereafter Beamish) in 2012-13 is estimated at £3.86m.

The Museum generates direct economic impact through a range of economic activities, including admissions, retail and catering. It is related to the independent charity, Friends of Beamish: the North of England Open Air Museum Ltd, which incorporates the Business Friends of Beamish. It has a wholly owned subsidiary, Beamish Museum Trading.

Beamish's indirect economic impacts may be tracked via its suppliers and visitors' overnight stays. It estimates that the total direct, indirect and induced impact of its spend is calculated as £2,905,188 and that its total direct, indirect and induced employment value is 381 jobs.

The value of the Museum's less tangible indirect economic impacts figure in relation to regeneration projects for the region has not been calculated.

Over the period of four consecutive financial years (2009-10 to 2012-13). Beamish reinvested £4m into capital improvements. This was generated from its operating surpluses, contributions from private donations, a loan from Sunderland City Council and an investment of £600,000 from a capital development reserve established following a VAT refund (Beamish, 2014: 11). This was used to improve its attractions, and income generating capacity via retail and catering outlets. Plans for the future include greater resilience achieved through less dependence on grant revenue funding and more self-generated income. This will further enhance its economic contribution. The current capital development project, *Remaking Beamish*, depends on public sector capital funding, is considered below.

1.2 Direct economic impact

Organisational arrangements

The operating charity, Beamish Museum Ltd (BML) was established in 2008. It assumed responsibility for the Museum's financial systems in 2009, leading to improved monitoring of performance.

Durham County Council owns the freehold of the Museum site: in 2014 the charity took on a 50 year lease for the Museum and its collections. The BML Board includes representatives from the Museum's constituent local authority partners - Durham County Council, Sunderland City Council, Gateshead MBC, South Tyneside MBC and North Tyneside MBC. Other Board members include business, education and other specialists.

As local authority contributions have declined gradually over time, BML has become increasingly self-reliant. In 2012-13 a Regional Advisory Panel advised on its governance, and in 2014 Beamish dissolved the residual Joint Committee and replaced it with the Regional Stakeholders Group, which has the right to nominate directors to the Board of the Beamish Museum (Durham County Council, 2014). Local authority

representation (by Durham, Sunderland, North Tyneside, South Tyneside, and Gateshead) on the Board is secured by the minimum contribution of £5,000. Other stakeholders include partners with whom the Museum works, such as the Alzheimer's Society and Age UK. The Regional Stakeholders Group has no governance role per se.

Beamish aspires to provide:

- an immersive museum that “puts the visitor first” fostering hands-on learning between generations. It uses its collections and shares stories to help people of all ages learn about everyday life in the North of England through time;
- genuine community participation. Beamish celebrates the heritage of the NE's communities, enabling people to participate in the making of their museum, creating enduring connections with audiences that means they want to return, again and again; and
- self-reliance. Beamish operates as a social enterprise and has an entrepreneurial spirit. It is always looking for opportunities to innovate and grow to reach more people, evolving to ensure it achieves smart, inclusive growth.

By 2014, Beamish had

- one wholly owned subsidiary, Beamish Museum Trading, which manages retail, catering, consultancy and accommodation/function income; and
- Friends of Beamish Museum and the Business Friends of Beamish. The Friends are separately constituted as a charity, have 2,000 members and generate around £200,000 per year. They are responsible for volunteering and workshop teams (whose activities range from acting as costumed interpreters to mechanical engineering); fundraising; attracting legacies, individual donations and sponsorships and organising social events. While income from this group is unpredictable, the Friends generate significant sums and sponsor specific activities. For example, in 2013, £12,000 from the Friends supported the relocation to the Museum of the 100-year old Hetton Silver Band Hall. The Business Friends of Beamish have attracted about £2.5m over the past few years.

Economic activities

Beamish's economic activities include admissions, events, learning and education for which BML is responsible and catering and retail, which come under the trading company.

Scale of operations

Despite the NE visitor economy having declined since 2008. (Beamish 2014: 32), over the period 2008-09 to 2012-13, Beamish's visit numbers increased by 66%.

Table 1 sets out details of Beamish's visit figures for the three financial years 2008-09, 2010-11, and 2012-13. These show a steady growth, which continued after 2012-13. In 2013-14 the Museum attracted 589,000 visits - the highest in its 44-year history.

Alongside that overall growth in visit numbers, the profile itself has changed: the number of visits by those living locally increased by 135%; overnight visits by those from elsewhere in the UK and those coming from overseas increased by 55%. The only category of visits to fall was that of day visits by UK residents living outside the locality.

A number of factors enabled Beamish to increase its visit numbers, including its

- capital programme, 2009-2014: 44% of its summer visitors regarded new attractions as significant in motivating their visits.
- investment in social media for marketing (about £200,000 per year)

- “unlimited” pass, which is valid for 12 months. This most appeals to local families living within 45 minutes drive time.
- year-round opening. Beamish was previously closed in the winter.

According to “regional trend assumptions”, the total gross impact of visitors to Beamish on the local economy was £12,436,850 in 2012-13 (Beamish 2014: 153)

Table 1: Beamish visitor figures

	2008/09	2010/11	2012/13
Total no of visits	297,564	422,603	494,192
Local (Durham Tyne & Wear, Northumberland, Cleveland) (Note 1)	90,757	161,434	212,997
Rest of UK (day visits)	52,061	45,022	41,617
Rest of UK (overnight visits)	140,760	199,665	217,834
Overseas	13,985	16,481	21,744

Source: Evans (2014b) Note: From 2010-11 Beamish financial years run from Feb-Jan

Table 2 sets out Beamish visitors’ spend. The increase in footfall has resulted in a 41% increase in visitor income over last 4 years.

- The Beamish “unlimited” ticket, which allows people to return free of charge within 12 months of purchase (introduced in 2009) has increased the Museum’s income from Gift Aid by 340%: each adult ticket generates £4.00. This income has risen from £96,000 in 2008-09 to £420,000 in 2012-13.
- Other income includes secondary spend at fairground attractions and at events. This increased 162% from £150,000 to £393,000 in 4 years. Event admission has increased as a result of full time opening.

While trading income does not necessarily follow visit numbers, the figures show a 55% increase. Catering income, which rose 102% was a major factor:

- Visitors’ spend throughout the site has also grown considerably as a result of Beamish’s capital investments and improved catering performance. The reconstructed coal-fired, Fish & Chip shop, Tea Room and Town Bakery have been added to the existing Cart Shed and Pitman’s Pantry (Beamish 2014: 10).

The average spend by visitors varies. The most recent data at the time of our review with the Director, suggested an £11.00 admission; £1.50 retail (net VAT) and £5.00 catering spend (Evans, 2014a).

Table 2: Visitor spend at Beamish

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Visitor income			
Admissions	2,669,745	3,333,165	3,370,520
Gift Aid	95,668	392,353	420,415
Guide books	73,626	81,785	60,351
Other	149,667	292,463	393,188
<i>Sub-total</i>	<i>2,988,706</i>	<i>4,099,766</i>	<i>4,224,474</i>
Trading income			
Retail	542,521	563,311	548,746

Catering	612,088	942,052	1,238,573
<i>Sub-total</i>	<i>1,154,609</i>	<i>1,505,363</i>	<i>1,787,319</i>
Total (excluding grants & funding)	4,143,315	5,605,129	6,031,793

Source: Beamish (2014: 14); Evans (2014b) Note: From 2010-11 Beamish financial years run from Feb-Jan

As Table 3 shows, over the period 2008-09 to 2011-12, the Museum created over 100 new jobs. The number of full time equivalents employed by Beamish has risen almost 65%. This is largely as a result of capital re-investment and moving to a year-round operation. More seasonal staff that were previously laid off during winter are now working throughout the year.

Table 3: Number of employees at Beamish

	2008/09	2010/11	2012/13
FTE Employees	171	258	280

Source: Companies House. Note: From 2010-11 Beamish financial years run from Feb-Jan

The contribution of volunteer time has risen by 188% from 2008-09 to 2012-13. In 2008-09 volunteers were providing 9,000 hours per year; in 2012-13, 26,000 hours (Evans, 2014a). This was partly achieved by Beamish getting better at meeting their volunteers' needs. This involved employing professional staff to understand their motivations and to co-ordinate their efforts. 350 active volunteers contribute as many as 25,000 hours per year (HLF, 2014).

Table 4 shows that between 2008-09 and 2012-13, Beamish's turnover increased by £1.5m (30%). The Joint Committee turnover (over £1.5m in both 2010-11 and 2012-13) constitutes the Museum's contribution to capital, which comes from its surplus and reserves.

Table 4: Annual turnover of Beamish

	2008/09	2010/11	2012/13
Beamish Museum Ltd	£5,188,000	£6,433,000	£6,704,000
Joint Committee Annual Return	n/a	£1,616,000	£1,707,000

Source: Companies House; Joint Committee Annual Returns. Note: From 2010-11 Beamish financial years run from Feb-Jan

Table 5 provides a breakdown of Beamish's income. Between 2008-09 and 2012-13, its total income, including grants, increased by £1.5m (30%).

Beamish's visitor and trading incomes (see above) enabled the Museum to remain viable. During the period examined, local authority contributions diminished to zero, and ACE and other grant funding fell by 1%. In 2014, it was announced that together with the Bowes Museum, Beamish has ACE Major Partner Museum funding, which should generate £2.2m over the period 2015-2018.

Beamish is reported to have made an operating surplus of over £500,000 per year over the period 2008-9 to 2012-13 (Schutt, 2014). This trend has continued: in 2013-14 it generated a surplus of £650,000 from a turnover of £7m (Evans, 2014a).

Table 5: Turnover of Beamish broken down by sources

	Apr-Mar 2008/09 (£)	Feb-Jan 2010/11 (£)	Feb-Jan 2012/13 (£)
Visitor income & trading ⁽¹⁾	4,143,315	5,605,129	6,031,793
Grants and other funding			
LA contributions	40,035	-	-
Other grants/funding	243,497	264,622	279,649
ACE	438,186	563,198	392,800

Use of surplus	243,317	-	-
Sub-total	965,035	827,820	672,449
Total	5,108,350	6,432,949	6,704,242

Source: Beamish (2014: 14); Table 2 Evans, (2014b). Note: From 2010-11 Beamish financial years run from Feb-Jan

1.3 Indirect economic impact

This section considers the impacts of the Museum's procurement of goods and services and the scale on tourism employment. It uses Beamish's own calculations (Beamish, 2014: 153), based on AIM's Economic Value Toolkit (DC Research, 2014). It also looks to the anticipated impacts of *Remaking Beamish*.

Procurement

Beamish spent a total of £2,350,000 in the 2012-13 financial year on goods and services (excluding staffing costs). It estimates that approximately 70% of its spend is local: this includes trade with small firms and its employment of contractors working on site. The total direct, indirect and induced impact of its spend is calculated as £2,905,188 (Beamish, 2014: 153)

Employment

As a large museum, Beamish is of major significance as a key attraction in its local visitor economy. It employs around 275 FTE staff, of whom 64% live locally (within its postal code area, DH). It calculates its total direct, indirect and induced employment value as 381 jobs. "This figure expresses the wider economic impacts of our employees on local and regional economies" (Beamish, 2014: 153).

Regeneration

Beamish is involved with various regional and national bodies, including the North East Local Economic Partnership, ANEC (Association of North East Councils) and ACE - all of whom are vital in the development of culture/tourism in the North East - a priority for the creation of jobs and "smart, inclusive growth" (Beamish, 2014: 139). It is involved with the Chamber of Commerce, and works with the private sector. For instance, it is working in partnership with local engineering firms to develop apprenticeship schemes including Siemens, the German electronics group, based on Tyneside.

Projected future impact

Based on the assumption of no investment (and grant funding/donations remaining static) ERS (2014) calculated that Beamish would be likely to face a deficit approaching £250,000 by 2021-22: its visitor numbers would decline by 15% from 2014-15; and its admissions and trading income would be reduced pro-rata.

The proposed development, *Remaking Beamish*, is intended to change this outlook. The Museum's *Development and Engagement Plan* (2014) and ERS's report outline its perceived long-term economic benefits.

Remaking Beamish is a £16.7m project that will see the Museum representing new time periods and will allow people to experience the everyday life of the past differently. The project is planned to run from 2015-16 to 2019-20. Beamish secured initial stage 1 support from the Heritage Lottery Fund (HLF) in May 2014 (£10.75M).

Remaking Beamish is conceived around the themes of home, community, rural and industrial life. Its proposals include

- The 1950s urban area - a complete town including a police house, café, parade of shops, cinema (an event destination) and recreation area. Its 'Homes for Memory' will provide a dedicated centre in rebuilt Aged Miners' Homes, with a range of activities and facilities for people living with dementia, their families and carers. A 50s semi and pre-fab will display the new technologies of the time.

- An upland farm from the North Pennines - Spainsfield - will be transported to the Museum. The 1950s saw a rapid decline of the way of life of the upland miner smallholder.
- New exhibits in the 1820s area will show how the blacksmith, potter and candle maker provided for the simple needs of the time. Local records of Joe the Quilter, who befriended the homeless, will enable the recreation of his 1820s home and illustrate the plight of the pre-industrial homeless.
- A reconstructed 1820s Coaching Inn will examine droving, horse keeping, hospitality, the postal service and the complex coaching industry. This will enable Beamish to display its significant Georgian collections and also create opportunities for overnight stays in a museum-quality exhibit.
- A 1950s trolley bus system and restored buses will transport visitors to the 1950s area from a new bus depot.
- Quite apart from its contributions to public health, the project will offer training and work experience including heritage skills, related to aspects of the upland farm, and heritage engineering skills related to the new bus depot. The Coaching Inn will serve as a unique centre for apprentice hospitality trainees.

To quantify its expected outputs, it is anticipated that *Recreating Beamish* will

- increase visitor numbers by 12% to over half a million per year. It is anticipated that over 60% of those will come from outside the NE region;
- create a total of 142.9 jobs (71.4 jobs and 71.4 apprenticeships) during construction (ERS, 2014: 5);
- add a further 95 FTE jobs (growing to 120 FTEs by 2025) to Beamish's current workforce, and create 50 four-year apprenticeships in heritage, modern building techniques and museum administration - supporting young people through to further employment;
- increase volunteer participation by 20% by 2020
- put 750 learners per year through heritage skills courses across the Museum site by 2019/20;
- increase education visits from 40,000 per year to 80,000 by 2025;
- grow the Museum's turnover from £7.7m in 2013-14 to £11.5m by 2021-22. It aims to become self-sufficient in terms of its operating costs and capital developments by 2022.

Within the region, the ethos is towards more collaborative working and creating greater impact. Plans for the so called "super-authority", the North East Combined Authority established in 2014 bring together the seven councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. Its intention is to use devolved power to make decisions based on local knowledge to stimulate economic growth, job creation, skills development and improved transport links.¹ The North East Culture Partnership was also launched in 2014. It includes all 12 local authorities, arts and cultural organisations, businesses and educational organisations, sport and tourism agencies) also recognising the need for a collaborative, critical mass. It aims "to build on the strong foundations laid through the North East's cultural regeneration so that it can harness the power of culture to promote health and well-being and to forge a dynamic and successful economy"².

Acknowledgements & References

Pomegranate is enormously grateful to Richard Evans, Director, and Beamish Museum

Beamish Museums (2014) *Beamish Development and Engagement Plan 2013 – 2025 Re-making the Living Museum of the North*. Version 3, updated March 2014

¹ <http://www.northeastca.gov.uk/home>

² <http://www.northeastcouncils.gov.uk/landing.asp?id=1203>

DC Research (2014) Economic Value of the Independent Museum Sector: Toolkit <http://www.aim-museums.co.uk/downloads/f6e017ac-8f11-11e3-8be4-001999b209eb.pdf>

Durham County Council (2013) *Beamish Museum - Change of Governance Arrangements. Report of the Corporate Management Team* (9 October 2013)

<http://democracy.durham.gov.uk/documents/s33870/Beamish%20Museum%20Cabinet%203%20Oct%202013%20FINAL.pdf>

ERS Research & Consultancy (2014) *Remaking Beamish Benefit Analysis*, Unpublished report

Evans, R. (2014a) Interview with Richard Evans, 16.07.2014

Evans, R. (2014b) Correspondence with Richard Evans, 30.07.2014

HLF (2014) *Beamish Museums looking forward to the 1950s* (press release 27.05.2014)

<http://www.hlf.org.uk/news/Pages/BeamishMuseum.aspx#.U9Ehr4BdUwI>

Joint Committee of Beamish, The North of England Open Air Museum (2013). *Museum Update: Report Of The Museum Director* (15 March 2013)

Schutt, B (2014) The case study: Added value attracts visitors, *Financial Times* ft.com/ management (12 November 2012)

<http://www.ft.com/cms/s/0/419afb2e-2cb7-11e2-9211-00144feabdc0.html#axzz38UB8lNOq>

2. Chatham Historic Dockyard

This case study outlines the organisational arrangements pertaining to Chatham Historic Dockyard Trust the scale of its operations (in terms of turnover, staff and volunteers), its income sources, the economic activities it undertakes in order to earn income, the different ways it achieves economic impacts and, where it is possible to calculate them, the scale of those impacts.

The case study also looks at proposed developments that should increase the Trust's direct and indirect economic impact in future. It draws, in part, on DC Research's (2012) *Economic Impact of The Historic Dockyard Chatham*, for the year to March 2011, commissioned by the Trust.

2.1 Summary of findings

Chatham Historic Dockyard Trust's direct economic impact (gross valued added) in 2012-13 is estimated at £2.39m.

It generates direct economic impact through a range of economic activities, including retail, catering, film and TV rentals and hires and its property portfolio. Indeed, its tenant (including a creative industries cluster) provides its largest income stream. Its economic activities are undertaken by the Trust itself and its four wholly owned subsidiaries.

Its indirect economic impacts may be tracked via its, and its tenants', suppliers. Estimates exist for 2010-11.

Its less tangible indirect economic impacts figure in relation to regeneration projects for the Medway.

The Trust's plans for the future suggest a further enhancement of its economic contribution. Its greater resilience will be achieved through less grant funded revenue and more self-generated income. Its current capital development project, *Command of the Oceans*, which, nevertheless, depends on public sector, capital funding, is considered below.

2.2 Direct economic impact

Organisational arrangements

Chatham Historic Dockyard Trust (hereafter referred to as the Trust) is an accredited museum and a registered charity. Its primary objectives are to:

- secure for the public benefit the preservation of the Historic Dockyard in a manner appropriate to its archaeological, historical and architectural importance;
- promote and foster for the public benefit a wide knowledge and understanding of the archaeological, historical and architectural significance of the Historic Dockyard.

The Trust was established in 1984 when the Navy left the River Medway and the Chatham Dockyard after 400-years of shipbuilding and repairs. The site was divided into three: the Historic Dockyard, Chatham Docks and Chatham Maritime, one of the largest urban regeneration sites in Europe. The Historic Dockyard site was a gift from government to the charity accompanied by an initial government investment of £11m estimated to be half of that required (at 1984 prices) to make buildings and structures wind and weather tight.

The 80-acre Historic Dockyard comprises the Georgian Yard, which has 100 listed buildings, 47 of which are Scheduled Ancient Monuments. This was set aside for preservation under the Trust's stewardship.

In response to the loss of jobs resulting from the Dockyard's closure, the Trust became a leading player in the on-going regeneration of Medway and the Thames Gateway, its social and economic well-being and the development of the creative industries.

The Trust has had a long working relationship with both the Imperial War Museum and the National Maritime Museums which was made into a legal relationship in 2010 with the opening of No 1 Smithery home to 3500 objects from their collections as well as gallery spaces. No 1 Smithery, showcases unique and previously unseen maritime artefacts, national and international touring exhibitions. The relationship was initially facilitated with DCLG funding as well as RDA and HLF funding.

Economic activities

The Trust and its trading companies undertake a number of economic activities, many of which depend on leveraging the Dockyard's historic assets. These focus on

- learning and education
- food and drink, and catering
- retail
- venue hire
- events
- filming and TV, by providing locations and/or props, and
- commercial and residential rentals and the development of property and land.

Income from publishing and printing, photographic and moving image rights are negligible.

The Trust directly receives income from admissions, as well as from film location sales, props and commercial properties. These relate to its charitable purpose of preserving its building stock through its strategy of "preservation through reuse". It also generates income from schools education and public funding, also related to its charitable purposes.

The Dockyard has 100+ short-lease business tenants³. These range from the University of Kent to those renting individual storage units. Tenants also include a creative industries cluster (which includes, hi-tech design companies, artisan brewers and a blacksmith). These are based throughout the Dockyard estate with a cluster at the Joiner's Shop where the Basepoint Business Centres⁴ provide over 10,000 square feet of serviced commercial accommodation. This development of 41 business units was originally funded by SEEDA (South East England Development Agency, 1999-2012). Rental from these tenancies is passed through the charity's accounts as it is accepted as charitable income by the Charities Commission as it derives through the strategy of preservation through reuse.

In 2012 the University of Kent, after a long but limited relationship with the Trust opened its School of Art in the Dockyard, which was estimated would bring 650 students to the site. This complements the new multiversity development at the neighbouring Chatham Maritime site. The University's holding is growing with increasing space taken on a leasehold basis attracting considerable investment as well as rental return.

The Trust has four wholly owned subsidiaries. These only have a relationship with the Trust, not with each other. Each has an independent chairman and board, which includes specialist non-executives. The income that they generate is consolidated in the overall trading figures. These companies include:

- Chatham Historic Dockyard (Trading) Ltd, which operates retail, catering and corporate hospitality. This includes weddings, hospitality hires, conferences, and corporate training at Commissioners House. Completed in 1704 this is Britain's oldest intact Naval Building. It generated over £10,000 profit in 2012-13.

³ <http://www.thedockyard.co.uk/Property>

⁴ <http://www.basepoint.co.uk/locations/chatham>, Basepoint is wholly owned by a charitable trust, [The ACT Foundation](#), whose mission is to "ACT to enhance the quality of life for people in need".

- Historic Dockyard Properties Ltd. The residential estate comprises 115 properties - both historic and new build. Since these typically have long leases, they are considered beyond the direct control of the Charity⁵.
- Master Ropemakers Ltd. Ropemaking has been undertaken on site for 400 years. Continuing to make rope on the site using the historic infrastructure is considered an invaluable and iconic part of the Trust's education and preservation objectives. The scale of the process using equipment that is 200 years old and produces ¼ mile of rope each time makes its viability as a purely educational resource untenable. It is, therefore necessary to run the operation as a commercial trading business making product to meet customer demand while providing demonstrations to visitors. The Trust pays a service charge to the rope making company to compensate for the additional inefficiency created by operating the rope walk as a visitor exhibition. In principle, any profits are paid into the Trust⁶, but in practice, it runs at a break even level. The company is, however, exploring commercial options for new market areas, including home and garden products, giftware and specialist rope services. These are showing positive signs.
- Historic Dockyard Properties (2005) Ltd owns the 999-year lease on some land owned by the Trust, which was originally earmarked for commercial development to provide funds to the Trust via Gift Aided sale proceeds. Following the change in market conditions after the recession, the company entered into an agreement with the Homes & Communities Agency (HCA), to undertake restoration and infrastructure works on its land that will facilitate development of adjoining sites in HCA ownership. It has exchanged rights of way, a land transfer and agreed a beneficial package of works (including the conservation of monuments and historic environment that will add value to the adjoining sites) resulting in payments totalling £3m. These works form part of the larger *Command of the Oceans* project, which is described below⁷

Scale of operations

The following section considers the Trust's staff and volunteer base, as well as its turnover, sources of income and procurement of goods and services. All these are expected to grow as a result of *Command of the Oceans* project - the likely impacts of which are considered below.

As Table 6 shows, the number of full time equivalents employed by the Trust and the trading companies has risen since 2008-09: the Trusts' by 19%, and the trading companies by 50%. This is largely due to bringing catering in-house.

Table 6: Number of employees at Chatham Historic Dockyard

	2008/09	2010/11	2012/13
Chatham Historic Dockyard Trust Ltd	112	133	133
Chatham Historic Dockyard (Trading) Ltd	18	23	27

Source: Companies House

Currently, over 36,000 volunteer hours are donated annually, equivalent to 28 full time staff. It is estimated that some 200 volunteers are particularly active. The number of volunteers has risen gradually by 15% since 2008-09.

No costs accrue from the volunteers and no expenses are paid to them.

As Table 7 and Table 8 show, the Trust's annual turnover in 2012-13 was £5,807,000, This includes a fall-off in the Trust's residual grant from DCMS, and its loss of income from ACE. This is being addressed by the Trust's long-term plans. As Table 2b shows, this was countered by a 30% increase in property income and a 52% increase in visitor income. These are its two most important income streams.

⁵ <http://www.thedockyard.co.uk/Property>

⁶ <http://www.master-ropemakers.co.uk/>

⁷ Correspondence with Bill Ferris, Chief Executive, Chatham Historic Dockyard Trust, 23.07.2014

A major change in the Trust's income between 2010-11 and 2012-13 is represented by its trading and investment (up 13%). Film and TV constitutes a major development. From zero in 2008-09, this attracted over £200,000 in 2012-13. Recent hires include Call the Midwife, Les Miserables and Mr Selfridge. A third of this income stream typically comes from the hire of props such as the period railway and bicycles etc.

Table 7: Annual turnover of Chatham Historic Dockyard

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Chatham Historic Dockyard Trust Ltd	10,458,874	7,722,091	5,807,382
Chatham Historic Dockyard (Trading) Ltd	465,483	783,258	827,183

Source: Companies House

Table 8: Turnover of Chatham Historic Dockyard broken down by sources

Source	2008/09 (£k)	2010/11 (£k)	2012/13 (£k)
Property income	1,544	1,831	1,994
Visitor income	799	1,139	1,215
Ropemaking	486	533	315
Trading & investment income	990	841	949
Renaissance / ACE	1,118	875	321
Other grants & donations	5,522	2,503	1,013
Total income	10,459	7,722	5,807

Source: Chatham Historic Dockyard Trust (Annual Review data, 2012-13); Knott (2014)

In the immediate short term (i.e. 2013-14) the Trust experienced a 7% fall in its total income - largely related to a 66% loss in its revenue funding from the ACE strategic partner museum programme and the continuing reduction of DCMS support. However, its property, trading and investment incomes grew by 10% and 19% respectively over the previous year (2012-13).

The 2014-15 projections suggest further economic recovery, with 8% growth over 2013-14. Despite the continuing decline in its public revenue support, property and visitor incomes in particular are expected to rise by 7% and 22% respectively. These trends are expected to continue, with the Trust seeking to increase its resilience by developing its own income generation.

The longer-term strategic plan includes extending the provision of its building stock through reuse; site development and a steady growth of visitor income. This is being enabled by the Trust's current £8.75 capital development project, *Command of the Oceans*. This is expected to increase visitor numbers and income significantly without major increases in costs and thus will reduce the Trust's funding gap, increase its financial sustainability and economic impact. The project is described towards the end of this case study.

Table 9 and Table 10 set out the Trust's visit figures and visitor spending for the three financial years 2008-09, 2010-11, 2012-13 and draw on DC Research's (2012) estimates of spending by UK and overseas visitors in the year up to March 2011.

Many local visitors (from within a 30 mile radius are attracted by the special events). While blockbuster events can generate up to 30,000 visits and may be treated as fundraisers (such as *Medway Festival of Steam and Transport* and the *Salute to the 40s*) these are the exceptions rather than the rule. Some events are loss making, but meet charitable purposes (such as the 70th anniversary of the launch of HMS Cavalier).

The Trust attributes the general rise in visit numbers to improved marketing and communications. It currently invests £100,000 pa in marketing, PR and on-line communications. It also invests in, mainly but not entirely, grant funded capital/construction on a yearly basis (see below).

Table 9: Chatham Historic Dockyard visitor figures

	2008-09	2010-11	2012-13
Total no of visits	151,646	171,858	159,234
Spend per visitor	£4.44	£4.18	£5.52

Source: Chatham Historic Naval Dockyard Trust (Annual Review data, 2012-13)

On average, adult visitors in 2012-13 spent £5.52 in addition to admission. This includes £1.40 on retail and £3.09 on catering.

Table 10: Estimated gross visitor impacts in the year to March 2011

	No of visits	Apportionment of day	Typical spend per day	Total estimated spend
Local (Medway)	35,188	100%	£11.03	£320,429
Rest of Kent	17,781	100%	£18.90	£292,231
Rest of SE	16,845	100%	£23.82	£375,089
Further afield (day)	9,546	100%	£55.76	£438,340
Further afield (overnight)	10,669	100%	£105.27	£963,825
Total	90,029			£2,389,914

Source: DC Research (2012), Note: Totals subject to rounding

These calculations exclude child visits. Assuming that two education group visits generate an equivalent spend of one local adult, the 21,584 education group visits would have generated a further £120,525

DC Research's (2012) data suggested that proximity to the Dockyard is a major factor in visiting. The majority of visits are by local residents (239%), those from elsewhere in Kent (20%) or the SE (19%). Only 22% are from further afield. The 12-month admission tickets encourage return visits by local residents.

As might be expected, visitors' spend is in inverse proportion to their residential proximity to the Dockyard and their percentage of the visitor profile. In short, those coming from nearest spend less. Visitors from Medway contributed 13% of visitor spend; those from elsewhere in Kent, 12%; those from the rest of the SE, 16% and those from further afield, 58%. DC Research (2012: 1) noted that the Dockyard generates relatively low levels of offsite spending in comparison to similar heritage attractions, with visitors typically travelling directly to and from the Dockyard.

2.3 Indirect economic impact

This section considers the Trust and its trading companies procurements and, where possible the scale of its impacts. On the basis of DC Research's findings, it also refers to the impact of the Trust's business tenants. This section also looks to the likely impact of *Command of the Oceans*.

Procurement

DC Research (2012:1) calculated that the Trust, its trading companies and its tenant businesses spent in the order of £9.35m on purchasing goods and services in 2011-12. Of that, £3.42m was spent by the Trust and £5.94m by its tenants.

The Trust's policy is to buy locally where possible: this is both pragmatic and strategic. Of the Trust's £3,416,367 spend, 70% (£2,391,456) was expended with the SE (26% in Medway; and 16% elsewhere in Kent) and 28% in the rest of the SE. The remaining 30% was spent nationally, beyond the SE region.

The Trust estimated that it spent £2.5m per year on capital/construction projects from 2000-01 to 2010/11. On that basis, DC Research calculated that the Trust's investment of £11.5m between 2008-9 and 2010-11 equated to 10 permanent FTEs. The direct impacts of those would have supported 78

further jobs and £206,000 spending in Medway, plus 52 jobs and £901,000 of spending in the rest of Kent.

Employment

DC Research (2012: 1) quantified Chatham's total gross direct economic impacts in 2010-11 as including at least 442.5 FTE jobs at the Dockyard - 106 full time Trust employees and 336.5 FTE jobs in the tenanted businesses that had been surveyed.

Regeneration

The Trust is engaged directly and indirectly in local and regional regeneration initiatives.

DC Research (2012) argued that the success of the Historic Dockyard, alongside that of the wider Dockyard region more generally, has been - and is - vital to Medway Council's work on changing perceptions of the area. The Trust's partnerships with two National Museums is considered particularly important in raising the area's profile and in changing perceptions of Chatham as a post industrial town.

The Trust's use of heritage to support development and attract people to live, work and invest in the area fits strategically with various local policy agendas across Medway and Kent, including Medway's *Economic Development Strategy* (2009-12), its *Cultural Strategy* (2009-14) and its *Sustainable Communities Strategy* (20010-16). It also supports the aims of the South East Local Enterprise Partnership that succeeded SEEDA

DC Research (2012:1) estimated the economic impact of visitors to the Historic Dockyard in 2010-11 was worth at least £2.51m to the local economy. Whilst this impact includes the Trust's employment and spending effects, a significant proportion would have been additional: "In terms of employment this is the equivalent of supporting 31 full time permanent local jobs".

Projected future impact

Command of the Oceans, the Trust's current £8.75m capital development project, is expected to play a major part in securing its financial sustainability and addressing the gap in its revenue created by reductions in grant funding. The project, due for completion in 2016 is intended to:

- secure the repair and preservation of a range of the Dockyards Scheduled Ancient Monuments, in particular the Wheelwright's Shop and the Namur - the archaeological remains of the 18th century ships timbers that were found under the shop. The discovery of the Namur, an important Chatham-built warship, is said to be "the most significant warship discovery since the Mary Rose" (Chatham Historic Dockyard Trust, undated);
- deliver a gateway to Chatham Dockyard and its widely distributed defence sites. This will include a new Chatham Dockyard and its Defences Discovery Centre in the Wheelwrights' Shop, which will provide orientation and interpretation in a national context;
- support the Chatham Dockyard and its Defences World Heritage Site bid;
- resolve issues relating to the conservation of the 4.5 hectare mast pond area of the Dockyard;
- provide new visitor services including admissions, retail, catering, meeting space; and
- develop an appropriate interface with the adjacent sites, owned by HCA. Its development at Chatham Maritime site, known as Chatham Waters, will include a conference centre, hotel, superstore, supermarket and residential units.⁸

To date the project has been awarded £4.53m from the Heritage Lottery Fund; £3m contribution from the HCA and £1m from a range of charitable trusts and foundations. The project is expected to impact on the Trust's employment and visit numbers, supply chain expenditure and commercial activities. Its spill-over effects are expected to contribute to Medway's further regeneration.

⁸ <http://www.chathamwaters.co.uk/about/>

DC Research quantified the Trust's planned developments as potentially creating up to 462 additional FTE direct jobs and up to 294 further FTE jobs through the successful joint development of the Interface Land (in partnership with HCA) and the opening of the *Command of the Oceans* - World Heritage Site Discovery Centre.

The Trust has one further major building to bring into use, the four storey 2,300m² per floor Fitted Rigging House. Plans are being developed that, it is hoped, will see this building brought into re-use for a range of commercial purposes following significant grant and joint venture capital investment. It is hoped that income from this building will provide the basis for a resilient future for the Trust in meeting its core purposes for future generations.

Acknowledgements & References

Pomegranate is enormously grateful to Bill Ferris and Chris Knott, Chatham Historic Dockyard Trust, for their considerable time and patience.

Chatham Historic Dockyard Trust (2013) *Annual Review 2012-13*

http://www.thedockyard.co.uk/The_Trust

DC Research (2012) *Economic Impact of The Historic Dockyard Chatham. Final Report*

http://www.thedockyard.co.uk/The_Trust/Economic_Impact_of_The_Dockyard_/Economic_Impact_of_The_Dockyard_.html

Chatham Historic Dockyard Trust (undated) *Command of the Oceans: Project Overview*

Knott, C. (2014) Correspondence with Chris Knott, 1 August 2014

3. Imperial War Museum

This case study outlines the organisational arrangements pertaining to the Imperial War Museum, the scale of its operations (in terms of turnover, staff and volunteers), its income sources, the economic activities it undertakes in order to earn income, the different ways it achieves economic impacts and, where it is possible to calculate them, the scale of those impacts. The case study also looks at proposed developments that should increase the Museum's direct and indirect economic impact in future.

3.1 Summary of findings

The Imperial War Museum had a direct economic impact (gross value added) estimated at £73.3m⁹ in 2012-13 – a year in which two of its branches were closed for part of the time. It generates its direct economic impact by carrying out a range of economic activities, including bespoke tours, retail, catering, publications and licensing of image rights. Most of its economic activities are undertaken by a wholly owned subsidiary, Imperial War Museum Trading Co Ltd. The Museum is supported by a number of independent charities that raise and transfer funds to support its activities and one-off projects.

In addition to its direct economic impact, the Museum triggers additional visitor-spend (including on transport and accommodation etc.) which is estimated to have been worth almost £94m in 2012-13. The Museum has indirect economic impacts via its suppliers and staff, for which data are unavailable. It also has less tangible indirect economic impacts. For example, via its involvement in local regeneration projects (e.g. IWM North at Salford Quays, which helped develop a cluster of cultural assets, along with The Lowry, which led eventually to the development of Media City). And as the focal point of a group of aeronautical and leisure organisations clustered around IWM Duxford, which together employed 65 people and had a combined turnover in excess of £5m in 2012-13.

The Museum's plans for the future suggest a further enhancement of its economic contribution, given moves to become more commercial, including more licensing of IWM-branded images, more bespoke tours across all branches, expansion at Duxford, linked to the development of a hotel in partnership with an established hotelier and a greater contribution to education and skills by working in partnership with universities on new modules and courses related to conservation, digital archiving and visitor experience.

3.2 Direct economic impact

Organisational arrangements

The Imperial War Museum is a non-departmental public body and an exempt charity with a Board of Trustees that is a body corporate. It operates five sites: IWM London, IWM North, IWM Duxford, the Churchill War Rooms, and HMS Belfast. The final two sites on this list charge for admission, the first three sites have free entry.

Imperial War Museum Trading Co Ltd is a wholly-owned subsidiary of the Imperial War Museum; it generates income from a range of economic activities (discussed in more detail below).

There are a number of organisations that are separate from, but related to, the Imperial War Museum. The table below sets out their income, expenditure and the value of the assets they held in 2012-13.

Table 11: Related organisations' income, expenditure and assets 2012/13

Organisation	Income 2012/13	Expenditure 2012/13	Assets 2012/13
Imperial War Museum Friends – an independent charity	£197,000	£182,000	£126,000
Imperial War Museum Foundation – an independent charity that works with high-net-worth individuals on task-	£3,613,000	£4,530,000	£1,670,000

⁹ This is driven by a large depreciation figure of £49.1m in the 2012/13 financial year. The GVA estimate in 2010/11 was £27.4m and £32.3m in 2008/09.

specific fundraising			
Imperial War Museum Development Trust – an independent charity that holds resources to support the Museum’s activities	£4,110,000	£724,000	£9,800,000

Source: Charity Commission

The bulk of these three organisations’ spending supports the Imperial War Museum and, in the main, their spending takes the form of grants to the Museum. They are an important part of the institutional ecology that sustains the Museum’s work and they play a significant role in its fundraising activities.

Economic activities

The Imperial War Museum carries out a number of economic activities directly itself – in addition to museum-related activities, it conducts research (for which it receives funding from external sources) and manages land and property (including a landlord function). In terms of its sites, the Imperial War Museum’s charged-for sites in London (Churchill War Rooms and HMS Belfast) have seen strong growth in recent years – possibly linked to the wider success of London’s visitor economy after the 2012 Olympics & Paralympics.

The bulk of the Museum’s economic activities are carried out by Imperial War Museum Trading Co Ltd. Its activities include:

- Professional services, such as specialist services and consultancy
- Learning and education
- Food and drink, and catering
- Retail
- Venue hire, including overnight stays on HMS Belfast
- Events, including air shows
- Filming, for example, providing locations and/or props to film-makers
- Publishing and printing
- Photographic and moving image rights
- Apps and other media
- Leveraging assets, for example, via touring exhibitions.

A recent development of the Museum’s economic activities is brand licensing. The Museum has learned from the V&A’s activities in this area and is seeking to generate commercial income from its collections. It recently worked with retailer Marks & Spencer on an advertising campaign linked to cosmetics for men using the war-time slogan: ‘Fit men wanted’. It has also recently worked with the Royal Mint on commemorative coins using images from the Museum’s collections. The Museum aims, over time, to develop this potential income stream. The Museum has also found there is strong demand for bespoke tours that offer out-of-hours and/or behind-the-scenes experiences to groups and/or ‘high net worth individuals’; it aims to roll-out the offer to all branches.

The Museum’s plans for the future include better use of its land and property holdings. Following a review of options, the Museum is working, in partnership with an established hotelier, to develop a 100-room hotel at Duxford. As well as providing an income stream to the Museum, the development should result in greater use of the IWM Duxford’s meeting and conference facilities, which in turn should increase the Museum’s income. The Museum is also considering how it might re-model space at IWM North, so that it can hire out space for meetings, conferences and events, given demand for such uses has grown in recent years due to nearby developments such as Media City.

Scale of operations

The table below sets out visitor figures by the IWM branch for the three financial years 2008-09, 2010-11, and 2012-13. It provides an estimate of visitors from overseas (who provide spending over and above what might otherwise have been carried out by UK residents) and UK-based visitors – the figures

are based on market research carried out on behalf of the Imperial War Museum by MHM.¹⁰ Anniversaries and commemorations associated with the centenary of the Great War, along with the re-opening of IWM London in July 2014, are expected to produce a significant increase in visitor numbers in coming months and years.

Table 12: Imperial War Museum Visitor Figures

	2008/09	2010/11	2012/13
IWM London	865,601	1,095,442	704,162
<i>UK</i>	<i>625,601</i>	<i>657,684</i>	<i>390,500</i>
<i>Overseas</i>	<i>240,000</i>	<i>437,758</i>	<i>313,662</i>
IWM North	244,768	241,586	313,923
<i>UK</i>	<i>222,768</i>	<i>224,244</i>	<i>276,201</i>
<i>Overseas</i>	<i>22,000</i>	<i>17,342</i>	<i>37,722</i>
IWM Duxford	375,503	403,021	383,354
<i>UK</i>	<i>314,903</i>	<i>370,808</i>	<i>349,311</i>
<i>Overseas</i>	<i>60,600</i>	<i>32,213</i>	<i>34,043</i>
Churchill War Rooms	282,358	336,138	366,150
<i>UK</i>	<i>105,073</i>	<i>147,787</i>	<i>122,673</i>
<i>Overseas</i>	<i>177,285</i>	<i>188,351</i>	<i>243,477</i>
HMS Belfast	238,535	241,452	222,754
<i>UK</i>	<i>139,735</i>	<i>144,285</i>	<i>123,951</i>
<i>Overseas</i>	<i>98,800</i>	<i>97,167</i>	<i>98,803</i>
Total	2,006,765	2,317,639	1,990,343
<i>UK</i>	<i>1,408,080</i>	<i>1,512,840</i>	<i>1,262,636</i>
<i>Overseas</i>	<i>598,685</i>	<i>804,799</i>	<i>727,707</i>

Source: Imperial War Museum

The table below sets out average spend-per-visitor by branch – the spend-per-visitor figures are based on combined admissions, retail and public catering income, which helps explain the lower spend-per-visitor in the two branches with free entry. The figures show an overall increase in spend-per-visitor at the charged-for branches and falls in spend-per-visitor at branches with free entry. These figures are reflected in the turnover figures reported in the Museum's annual accounts.

Table 13: Visitor Spend at Imperial War Museum

	2008-09	2010-11	2012-13
IWM London	£1.99	£1.67	£1.65
IWM North	£1.69	£1.89	£1.33
IWM Duxford	£8.22	£7.95	£8.02
Churchill War Rooms	£8.86	£10.78	£11.33
HMS Belfast	£5.24	£6.53	£6.60
Average	£4.47	£4.61	£5.24

Source: Imperial War Museum

The Imperial War Museum's annual turnover in 2012-13 was £50,116,000, higher than in 2010-11, when it was £46,346,000, and higher than in 2008-09, when it was £42,342,000. However, the turnover figure

¹⁰ It should be noted that HMS Belfast was temporarily closed to the public for part of the first quarter of 2012 and IWM London was closed in the fourth quarter of 2013.

for 2012-13 includes a one-off grant of £5,000,000 from HM Treasury and a £4,750,000 advance payment of grant-in-aid; so nearly 20 per cent of turnover in 2012-13 was due to exceptional, one-off payments. Furthermore, earned income in 2012-13 was down on previous years due to a couple of one-off factors: the closure of HMS Belfast for part of 2012-13, due to the collapse of a walkway, and the closure of IWM London for re-development.

In 2012-13, the Imperial War Museum employed the equivalent of 572 full-time staff, up from 561 in 2010-11 but fewer than in 2008-09, when it employed 611 full-time equivalent staff.

The Imperial War Museum is seeking to use its resources more economically, efficiently, and effectively. It aims to reduce its operating costs and concentrate its efforts on its areas of expertise; in order to do this the Museum has begun a process of contracting-out some functions that used to be carried out in-house. As well as reducing costs, the Museum hopes the new arrangements will lead to improvements in its operations (e.g. with regard to shift patterns, staff training and cover). One outcome of this process is that in 2013-14, 130 front-of-house and security staff moved off the Museum's payroll, a reduction of more than 20 per cent. Thus, in future the Museum will employ fewer staff; however, the overall level of employment associated with the Museum will not have fallen, as the roles will continue to be carried out via third parties.

The Imperial War Museum has consistently worked with, and benefited from, the support of a large number of volunteers – in any given year it works with over 1,000 volunteers who give the equivalent of between 19,000 and 20,000 days a year. This non-financial transaction is not included in estimates of the Museum's economic output but it is a vital contribution to maintaining and enhancing the value of the Museum's assets and improving visitors' experiences.

IWM Duxford has a number of volunteers who help conserve aeroplanes, and HMS Belfast has a dedicated group of volunteers who support conservation. IWM London has recently introduced volunteers in front-of-house roles, in order to help guide visitors around the museum. While IWM North has, for a number of years, operated a volunteer scheme that helps local unemployed people to re-integrate in the workforce – IWM North is also taking part in a study of the wellbeing benefits of volunteering.

The Imperial War Museum expects to build on this strong volunteer base in developing its activities in the future.

The table below provides a breakdown of the Imperial War Museum's income for the three financial years 2008-09, 2010-11 and 2012-13 – the years are consistent with those used for the rest of this study. Once one-off payments in 2012-13 worth around £10,000,000 (referred to above) are excluded, the overall trend is for a smaller proportion of the Museum's income to come from grant-in-aid and for more of its income to come from trading activities and donations from households, businesses, trusts and foundations. The trend is expected to continue into the future, with the Museum seeking to increase its resilience by developing new income streams (discussed in more detail below).

Table 14: Turnover of Imperial War Museum broken down by sources

Source	2008/09	2010/11	2012/13
Grant in aid	£23,888,000	£23,910,000	£31,186,000
External funds	£2,411,000	£5,323,000	£3,377,000
Lottery	£951,000	£163,000	£6,000
Donated objects	£134,000	£411,000	£55,000
Income from commercial activities	£8,133,000	£8,723,000	£7,093,000
Fees	£764,000	£878,000	£1,022,000
Royalties	£753,000	£675,000	£822,000
Disposal of assets	£4,000	£1,000	£51,000
Admissions	£4,752,000	£6,083,000	£6,439,000

Total income	£42,342,000	£46,346,000	£50,116,000
---------------------	--------------------	--------------------	--------------------

Source: Imperial War Museum Annual Accounts

3.3 In-direct economic impact

The Imperial War Museum's economic impact may be direct (e.g. its spending on employees' wages and its purchase of goods and services), its impact may also be indirect (e.g. via visitors' spending on goods and services offsite, such as transport, accommodation, and refreshments, and via spending by its staff and its suppliers). Its economic contribution may be assessed at national and local levels.

The Museum has a procurement policy that complies with EU directives and government guidance aimed at achieving best value from contracts. It selects the most economically advantageous offer and does not favour suppliers from any particular location; as such, data on suppliers' locations and the impact of the Museum's purchases on local supply chains are not systematically collected or reviewed. It was reported that the Museum's branches use local suppliers where appropriate, and that IWM London is part of the London Universities Procurement Consortium,¹¹ which uses the combined purchasing power of its members to gain competitive prices for a range of goods and services.

As well as the direct economic impact of its ongoing operations, the Imperial War Museum has one-off economic impacts linked to capital developments. The most significant development in recent times is the 'Transforming IWM London' project (completed July 2014). The project cost around £40m – funds for the project included a £6.5 million Heritage Lottery Fund (HLF) grant and a contribution of £5 million from the government. Project costs and funds raised to meet them are included in the Museum's annual accounts.

Each year, the Imperial War Museum estimates the economic-value of its visitors' spending. It produces estimates for each of its branches as well as an aggregate figure for England. It bases its estimates on spending by visitors grouped into three categories: local visitors,¹² day visitors, and overnight visitors. Spending by visitors in each of these three categories is estimated using data cited in the Association of Independent Museums' Economic Value Toolkit¹³ (which in turn draws on figures produced by Visit England). The table below sets out estimates of spending by local, day, and overnight visitors in regions with branches of the Imperial War Museum.

Table 15: Spend per visitor by type of visit – Imperial War Museum

Region	Local	Day	Overnight
London	£21.50	£42.99	£88.76
North West	£19.07	£38.14	£63.88
East of England	£21.50	£42.99	£46.80

Source: Visit England¹⁴

The table below provides a summary of the value of visitor spend at the Imperial War Museum in the financial years 2008-09, 2010-11, and 2012-13 – again it should be noted that IWM London and HMS Belfast were closed for parts of financial year 2012-13.

Table 16: Value of visitor spend at Imperial War Museum Branches

	2008/09	2010/11	2012/13
IWM London	£38,975,581	£60,333,586	£41,181,893
IWM North	£6,712,936	£6,792,800	£9,769,366

¹¹ <http://www.lupc.ac.uk/>

¹² Local is defined as the following local authority districts: Southwark and Lambeth for IWM London, Salford and Trafford for IWM North, Cambridgeshire for IWM Duxford, Westminster for Churchill War Rooms, and Southwark and Lambeth for HMS Belfast.

¹³ http://www.aim-museums.co.uk/content/research_papers/

¹⁴ <http://www.visitengland.org/insight-statistics/major-tourism-surveys/>

IWM Duxford	£10,355,058	£11,260,325	£11,060,751
Churchill War Rooms	£16,600,751	£20,410,796	£22,677,310
HMS Belfast	£8,983,716	£9,559,231	£9,050,563
Total	£81,628,041	£108,356,738	£93,739,883

Source: Imperial War Museum

The Imperial War Museum also makes positive economic contributions to local economies that are beyond the reach of national-accounting methodology and analyses of the effects generated by the spending of the Museum's staff and suppliers. For example, as part of its landlord activities, the Imperial War Museum operates partnership arrangements with a number of companies and charities associated with IWM Duxford. Fighter Collection, Historic Flying Limited, Old Flying Machine Co, Classic Wings, and Catalina Limited occupy space owned by the Museum and, in return for the use of this space, they participate in air shows and/or give the Museum a share of the revenues they earn, e.g. from leisure flights taken by visitors to IWM Duxford. Furthermore, the Museum organises a July Air Show for the Fighter Collection and receives a share of the proceeds for its support.

Another example of the Museum's wider economic role is IWM North, which was developed as part of a formal regeneration initiative at Salford Quays. The museum is co-located with arts centre, The Lowry, and its presence has assisted the wider development of the area, which has seen the development of Media City and the relocation of a number of BBC functions, including BBC Sport, BBC Children's TV and Radio 5 Live.

With regard to the economic impact of the Museum in the future, although the re-development of IWM London was a standalone project, its re-opening will stimulate nearby businesses offering to serve visitors. The Museum is also exploring how it might link-up with universities to develop and deliver courses, modules, and work placements on conservation and archiving etc. It is also considering development of an educational offer based on digital archiving and visitor experience at IWM North; the offer would build on digital expertise associated with the Media City development. Furthermore, as noted above, the Imperial War Museum has plans to develop a 100-room hotel, which should increase its own income, as well as further stimulate economic activity around Duxford.

4. The Tank Museum

This case study outlines the organisational arrangements and economic activities of the Tank Museum. It covers income sources, the scale of operations (in terms of turnover, staff and volunteers), the different ways in which the Museum achieves economic impact, and where possible, the scale of that impact. It also considers the Museum's perspective on current and future economic challenges and impact.

4.1 Summary of findings

The Tank Museum holds one of the most significant worldwide collections and archives relating to armoured vehicle warfare. Based at Bovington Camp, the Army's Tank training facility in Dorset, it is the only substantial indoor visitor attraction in the county.

The Museum has a strong business focus and the majority of its turnover of just under £4 million per annum comes from sales: admissions, events and intellectual property. Being identified, as part of the Dorset tourist offer is important, as is the ability to attract Tank enthusiasts worldwide to special events. The rural location of the Tank Museum, Bovington Camp is on the Dorset Heathland with no passing trade, underpins the Museum's visitor offer, experience, and marketing strategy of the Museum as a destination.

Substantial capital investment from organisations including the Heritage Lottery Fund (HLF) and DCMS/Wolfson museum and gallery improvement fund has enabled building, exhibition, collections storage and visitor facility improvements.

The Museum receives around £500,000 per annum Ministry of Defence (MoD) support in the form of a £20,000 grant and direct payment by the MoD of three staff, utilities and building maintenance. To increase its capacity to fund core costs the Museum has established an endowment fund with HLF Catalyst funding support and is developing additional fundraising capacity through a Membership scheme.

4.2 Direct economic impact

Organisational arrangements

The Tank Museum¹⁵ is based at Bovington Camp, Dorset. The Camp was set up during WW1 as the Army's Tank Training Facility and continues in use today. The Museum holds on a single site: the national collection of tanks and armoured vehicles, one of the largest in the world; substantial archives relating to the history of armoured vehicle warfare, and is the regimental museum for the Royal Armoured Corps and the Royal Tank Regiment.

The Museum has three core objectives, to:¹⁶

- Be the World's leading Tank Museum:
 - through comprehensive collections development;
 - developing the capability to conserve collections for future generations; and
 - interpretation that is engaging, inspiring and fresh.
- Develop the visitor base by:
 - growing visitor numbers through engaging exhibitions, new events, an enjoyable experience and effective customer communications; and
 - helping visitors learn about the stories of tank soldiers and their equipment.
- Preserve and perpetuate the stories of the Royal Armoured Corps and Royal Tank Regiment by:
 - fulfilling the role as a Corps and Regimental Museum collecting the artefacts and stories that preserve the deeds and traditions of the RTR and RAC for the public and serving soldiers; and
 - acting as a teaching and reference collection to preserve technical knowledge for both the serving Army and for manufacturers of armoured vehicles.

¹⁵ <http://www.tankmuseum.org/home>

¹⁶ http://apps.charitycommission.gov.uk/SIR/ENDS61/0001102661_SIR_20121231_E.PDF

The Museum is a Charitable Company, The Tank Museum Ltd, and trades through a wholly owned subsidiary The Tank Museum Trading Company. All trading profit is passed from the trading company to the Charitable Company.

The Friends of the Tank Museum is an independent Charity and donates up to £5,000 annually for specific projects as requested by the Museum.

Economic activities

The Museum generates the majority of its finance through sales of the museum experience and its intellectual property. Visitor admission income and Gift Aid are a significant and essential income stream generating around £1.5 million per annum. Gift Aid is important and around 80% of annual ticket buyers assign gift aid.

A major change in the visitor income mix is the development of large on-site events, such as Tank Fest. For these 'signature' events visitors will travel twice as far as regular visitors and stay overnight. As a consequence, the Museum sells a range of premium tickets targeted at tank enthusiasts and specialists for such events.

Tank Fest, held on the last weekend in June, attracts around 14,500 visitors. Annual income from the event has increased by 40% and it now generates around £300,000 income over the weekend. Other special events are Tiger Day held during the Easter holidays, Britain and War and The Tank Museum Experience Day. Access All Areas and Total Experience specialist tours generate around £25,000 per annum.

The Museum offers rides on their small fleet of tracked logistic vehicles and mini-rides on tanks. 25% of visitors buy a ticket generating £50,000 per annum. Small American tracked vehicles were acquired specifically for the tank rides.

Catering is managed in-house, as the current, relatively predictable volume of c.157,000 annual visitors make this economically the best option. Retail is also managed in-house, with a very small amount of online retail sales.

Premium experiences and venue hire for conferences and concerts has increased from around £100,000 per annum to £140,000. While the Museum actively promotes venue hire, it does not invest the same amount in this as in generating visitor income, as it represents less than 10% of the visitor income level. It is aware of the competition for conference business. The Museum has no wedding trade despite the occasional enquiry from prospective grooms!

Film income from cinema and TV is opportunistic and may involve filming of vehicles and people. In 2013 this generated around £100,000.

The sale of images is declining, as the image bank is not online. However, the sale of other intellectual property such as live sound for computer war games has grown. After being approached by a number of companies the Museum signed an exclusive agreement with one games company. The partnership, in place since 2012, will generate up to £600,000 income to 2017 with an estimated further £400,000 in kind. Through this agreement, the company promotes the Museum worldwide. Intellectual Property is licenced for a specific use, as with wargaming.net, although the Museum may occasionally sell the rights when working with major film companies.

Income from a major model making company, has generated up to £50,000 over the last five years. The company models tanks on the collections and the Museum endorses the product. Some models cost up to £6,000 to buy.

Publishing provides a steady income stream of between £10,000 - £30,000 per annum. A partnership with Haynes Manuals both provides an income stream and a way of publicising the Museum's brand. Manuals are sold worldwide and take the Tank Museum brand to otherwise inaccessible locations. A partnership with Key Publishing, printers of a specialist magazine, is based on audience exchange. The Museum promotes the magazine and the publisher promotes the Museum to their 50,000 circulation.

Additionally, the Museum produces a visitor guide and the occasional academic publication - but these are not for profit.

Education and learning services are charged, with the aim of covering costs. The Museum views learning services as part of their charitable purpose and cultural value.

Historical research consultancy brings in a small amount of income; Film companies buying research for film development and production. The Museum responds to enquiries rather than actively promoting these services.

The Museum receives MoD support in the region of £500,000 per annum. A revenue grant of £20,000 comes via the Army Museum Ogilby Trust; three staff are on the MoD payroll, and utilities and building maintenance are paid by the MoD. The current arrangement is due to expire in 2054 and the establishment of an endowment fund is intended to address any changes. No local authority revenue funding is received.

Since the start of the recession there has been little or no corporate funding support due to reductions in the defence industry. Prior to this, in 2006-07, around £350,000 corporate funding was received. Current fundraising activity targets grant giving organisations and bodies.

The collections are Designated, and the Museum has received Designation development project funding of around £150,000 and project support from the Renaissance Strategic Support Fund.

Capital development for buildings, exhibition, collections' storage and visitor facilities' improvements have been funded with £12 million from HLF and DCMS/Wolfson capital funding.

In 2012, Access All Areas was granted £2.5m HLF funding to create new exhibitions, support vehicle conservation and develop the volunteer programme. In addition the Museum raised £490,000.¹⁷

Scale of operations

The following section details the value and scale of economic activity, and comments on factors that impact on the figures.

A number of factors affect visitor figures: the length of school summer break; the weather, a wet summer benefits the Museum and major events as with Olympics and Paralympics.¹⁸ In contrast, extensive press and media coverage of the Museum for the WW1 centenary is bringing additional visitors.

Table 17: Tank Museum visitor figures

	2008/09	2010/11	2012/13
No of visits	109,488	153,446	143,309

Source: The Tank Museum

90% of visitors come from within a 90-minute drive time. Marketing is based on drive time and promoting the Museum as a destination. 6% of visitors come from outside the UK, a higher figure than the overall Dorset 2010-2012 average of 3% (The Tourism Company, July 2014: 11) Special events like Tank Fest attract higher numbers of overseas visitors, who account for just under 10% of attendees.

During the winter months, 15% of visits¹⁹ are repeat visits by visitors using their annual admission ticket (under 5s are free). The initial admission charge includes unlimited repeat visits in the year of purchase. This effectively means that all visitors become annual members.

Members of the armed forces, the Royal Tank Regiment Association, and MoD staff families based at Bovington Camp have free entry. Free admission to all visitors is offered on special occasions such as Remembrance Sunday. In total, free admission accounts for about 6,000 visitors a year.

¹⁷ http://apps.charitycommission.gov.uk/SIR/ENDS61/0001102661_SIR_20121231_E.PDF

¹⁸ Weymouth was the sailing venue and the only Olympic and Paralympic venue outside London.

¹⁹ http://apps.charitycommission.gov.uk/SIR/ENDS61/0001102661_SIR_20121231_E.PDF

The Museum is an associate member of Association of Leading Visitor Attractions²⁰ (ALVA), which provided a quarterly and annual visitor experience survey and benchmarking scheme. Visitor information collected through gift aid is also used for market research.

Daily visitor surveys contribute to monthly reviews and feed into programme decision-making. The Museum also runs a number of focus groups that contribute to thinking about exhibitions, education, and the volunteer programme.

Table 18: Visitor spend at the museum

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Admissions / shops / restaurants	£13.70	£14.54	£15.47

Source: The Tank Museum

Average spend continues to increase and in 2013 was £16.29²¹. This change is in part due to events such as Tank Fest for which the Museum can charge a premium price as discussed above.

The Museum doesn't collect information about visitors' off-site spend, although it is aware of its off-site impact in relation to overseas visitors attending signature events. At Tank Fest, almost half the visitors stay at least one night: if visitors travel more than 90 miles, or come from overseas, they are prepared to spend more over the weekend.

The Museum is an important source of local employment, both permanent and seasonal, in a rural location where the nearest towns are up to 30 minutes drive time away. When new activities are developed, appropriate staff are taken on. The major change in workforce is the increase in volunteers, discussed below.

Table 19: Number of employees at the Tank Museum

	2008/09	2010/11	2012/13
The Tank Museum	49	54	54
The Tank Museum Trading Company	4	3	4

Source: Companies House and Charity Commission

The volunteer programme has been developed over the past two years with HLF support. The aim is for this to be self-sustaining after HLF funding has ended. Volunteers undertake a range of tasks and roles including vehicle conservation and repair work and serve as museum wardens, guided tour leaders, and work in the library and archive. Volunteer hours are recorded and in 2013 this was worth eight FTEs to the Museum.

Table 20: Number of volunteers at the Tank Museum

	2008/09	2010/11	2012/13
Number of volunteers	55	80	150

Source: The Tank Museum

For the future, the Museum wants to further develop volunteering in the non-vehicle areas of the collections and education.

The figures for 2008 and 2010 reflect HLF funding for capital development. The figures do not include MoD direct payment of staff, utilities and building maintenance. It is difficult to quantify this support²², which the MoD estimates at £500,000 as shown in the Museum Accounts under 'intangible income': it has zero effect on the bottom line.

²⁰ <http://www.alva.org.uk/>

²¹ Richard Smith Director

²² Richard Smith Director

Table 21: Annual turnover of the Tank Museum

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Consolidated accounts	6,805,614	5,152,296	3,828,342

Source: Charity Commission and The Tank Museum

The Museum operates as a business and while setting pragmatic annual income targets aims to exceed these. This is an important business success factor as "... no cash [means] no development. The Museum can't achieve its charitable objectives without income."²³

Table 22: Turnover of the Tank Museum broken down by sources

Activity	2008/09 (£)	2010/11 (£)	2012/13 (£)
Admission (incl. Gift Aid)	£999,000	£1,467,000	£1,417,000
Shop	£285,000	£427,000	£427,000
Restaurant	£217,000	£338,000	£374,000
Other Income	£180,000	£213,000	£296,000
HLF Grants	£3,411,000	£1,449,000	£670,000
Other Grants	£1,714,000	£1,258,000	£644,000
Total	£6,806,000	£5,152,000	£3,828,000

Source: The Tank Museum

Income generation has increased supported by the HLF funded capital improvements to buildings, exhibitions and visitors facilities. The drop in 2012 admission income reflects the drop in visitors due to the Olympics and Paralympics. Weymouth hosted the sailing events, which had an impact on visitor numbers and visitor attractions elsewhere in Dorset.

4.3 Indirect economic impact

Local businesses

The majority of suppliers are local. The Museum doesn't have an explicit local procurement policy - it considers price and quality of most importance. The shop buys Dorset products, as Dorset brands attract a premium.

The Museum rents roof space for solar panels to a local solar power company, which was set up to take advantage of government incentives for renewable energy.

Education

The Museum employs Apprentices in visitor services. A long-standing partnership with the local Probation Service delivers a community service programme of work on vehicles, and classes to improve literacy and numeracy. These are not revenue generating

Tourism

The Museum contributes to tourism development, as part of the Best of Dorset promotion consortium and gave administrative support to the Dorset Destination Management Organisation. For reasons not connected to the Museum this failed. However, with the establishment of the Dorset Local Enterprise Partnership and recognition of the value of tourism to the local economy, a new organisation and Destination Management Plan are in development. In 2008 tourism contributed 4% GVA (The Tourism Company, July 2014: 7) to the area of Dorset County Council²⁴. Today, promotion of the Jurassic Coast

²³ Richard Smith Director

²⁴ The latest available figures refer to 2008. At that time the figure for the English economy as a whole was 3.47% GVA. Figures taken from *What is Tourism Worth? Understanding Tourism at the Regional and Sub Regional Level* VisitEngland

World Heritage site, its landscape and heritage more generally bring people to the county (The Tourism Company, July 2014).

The Museum is very aware of competition from large free admission Local Authority-run events such as the Bournemouth Air Show. There is always the risk of event clashes. It hopes that a new Destination Management Organisation will provide coordination that benefits all organisations. Transport is also a challenge, most visitors arrive by car and the transport infrastructure is under pressure. Local Authority transport policy is perceived as being driven by the reduction of car use and does not acknowledge the need for visitors to travel to Dorset and around the county.

Impact research

In 2005, the Museum commissioned an economic impact study to support its business case for South West Regional Development Agency funding for creating new jobs linked to building development and museum expansion. It is the Museum's view²⁵ that museums "should run as successful businesses and understand their economic value in the context of museums core cultural value."

Projected future impact

The Museum is planning for change and investing in the development of a new membership scheme. It will re-launch the Friends and aims to increase annual fundraising from £5,000 to £50,000 a year. All monies raised will automatically be transferred to the Museum for specific projects, such as exhibition development or into the endowment fund.

HLF Catalyst funding²⁶ has pump primed the establishment of an endowment fund. The aim is to grow the endowment fund to a sufficient size over the next twenty years to cover, if necessary, the current Ministry of Defence revenue, staff, buildings and services income support.

Acknowledgements & References

The Tank Museum (2011) *Charity Commission Summary Information Return 2010*

http://apps.charitycommission.gov.uk/SIR/ENDS61/0001102661_SIR_10_E.PDF

The Tank Museum (2013) *Charity Commission Summary Information Return 2012*

http://apps.charitycommission.gov.uk/SIR/ENDS61/0001102661_SIR_20121231_E.PDF

http://www.visitengland.org/Images/Summary%20Paper%20-%20Sub-Regional%20Tourism%20Value_updated%20links_tcm30-30057.pdf

²⁵ Richard Smith Director Interview 19 May 2014

²⁶ http://www.hlf.org.uk/HowToApply/programmes/Pages/faqsCatalystEndowments_SF4.aspx#.U-N_nhzF8oQ

5. Tyne and Wear Museums and Archives

This case study outlines the organisational arrangements for Tyne & Wear Archives & Museums (TWAM), the scale of its operations (in terms of turnover, staff and volunteers), its income sources, the economic activities it undertakes in order to earn income, the different ways it achieves economic impacts and, where possible, the scale of those impacts.

5.1 Summary of findings

TWAM is a Joint Committee – once of five, now of four local authorities – that manages nine museums – two under an agreement with Newcastle University. It has experienced significant challenges in recent years, linked particularly to reductions in local authority funding. In response to the challenges it has faced, and will continue to face, it has sought to increase its commercial activities (as well as reduce operating costs). Its efforts were recognised in 2014 with the award of the Collections Trust Museum Enterprise Award.

TWAM has commissioned independent research showing it generates approximately £43m net additional economic activity a year. TWAM is also aware of the wider – less tangible – benefits culture brings to a local economy, for example, attracting and retaining workers. TWAM works closely with businesses via its *Connect through Culture* scheme, to ensure it understands and can help meet business needs (e.g. team-building) as well as gaining businesses' support for its own activities (e.g. providing match-funding to attract additional resources into the area). It is an active member of the regional Chamber of Commerce.

5.2 Direct economic impact

Organisational arrangements

TWAM operates as a Joint Committee of the local authorities of Newcastle, Gateshead, North Tyneside and South Tyneside.²⁷ Newcastle City Council acts as lead authority. The Joint Committee, which consists of 12 elected members, drawn from the four constituent councils, sets policy, takes decisions and, following consultations, approves a corporate plan on an annual basis. It has undertaken work to develop policies on ethics, community involvement and environmental issues (to gain Industry Green Standard). The current Corporate Plan sets out five priorities:

- contribute to the development of a sense of place and to the success and sustainability of the area's economy and environment
- strengthen TWAM as an organisation that is resilient and adaptable to change
- contribute to increasing the attainment and aspiration of children and young people
- support communities and enhance happiness, learning and wellbeing
- manage collections effectively to ensure that they are thriving and used as a dynamic resource.

TWAM is responsible for seven local authority institutions:

- Shipley Art Gallery, Gateshead
- Discovery Museum, Newcastle
- Laing Gallery, Newcastle
- Segedunum Roman Fort Baths & Museum, North Tyneside
- Stephenson Railway Museum, North Tyneside
- South Shields Museum & Art Gallery, South Tyneside
- Arbeia Roman Fort, South Tyneside.

TWAM also manages a further two museums under an agreement with Newcastle University, namely:

²⁷ Sunderland was a member of the Joint Committee but withdrew from membership in March 2013. Sunderland has three institutions (Monkwearmouth Station, Sunderland Museum & Winter Gardens, and Washington F Pit) and has an agreement with TWAM for it to remain part of the regional archives service for two further years.

- The Great North Museum: Hancock
- Hatton Gallery.

The allocation of costs is governed by Service Level Agreements (SLA) enabling the partners to pay agreed charges. Costs are classified under three major headings – Operational, Specialist, and Corporate.

- **Operational costs:** These relate to the basic running costs of individual venues, including employee costs associated with running each building, premises related expenses and supplies and services. The income generated from all forms of trading activity including admissions, shops, venue hire and café franchises and contributions to the Acquisitions Reserve are also included within this heading.
- **Specialist costs:** These relate to the provision of specialist services. This includes Archaeology, Conservation, Art, Archivists, Development, History, Communications and Design. Costs are allocated on the basis of the use made of the services within a local authority area and the needs of the collections in each area.
- **Corporate costs:** Are determined by TWAM and financed from the Core Museums Grant from ACE. Services include: the Senior Management Team, Administrative, Financial, and Human Resources staff, Lead Authority support services, training and professional development and corporate accommodation at Discovery Museum.

The individual institutions covered by TWAM are supported by a range of independent groups, organisations and charities:

- Tyne & Wear Archives & Museums Development Trust (discussed in more detail below) raises funds from individuals, trusts and foundations to support Tyne & Wear Archives & Museums
- Friends of Discovery Museum provides hands-on support to the Discovery Museum
- Doxford Engine Friends' Association works mainly with museums in Sunderland but also works with TWAM
- Friends of Segedunum provides hands-on support and carries out fundraising work
- Friends of South Shields Museum & Arbeia Roman Fort is dormant and will remain so, until a new Chairman can be found; the Development Trust is currently managing the Friends' resources
- Friends of the Hatton Gallery supports exhibitions of new work and raises funds to support the Gallery
- Friends of the Laing Art Gallery, has a relatively large membership, operates volunteer-led tours and provides financial support to the Laing Art Gallery
- Friends of the Shipley Art Gallery has a relatively small membership that supports the Gallery's activities
- North Tyneside Steam Railway Association operates a heritage steam railway and maintains and runs locomotives and rolling stock
- The Arbeia Society supports research and intellectual history, including running an annual conference
- Natural History Society of Northumbria owns most of the natural sciences collection at the Great North Museum: Hancock and leases the building to Newcastle University (which in turn has contracted TWAM to manage the museum under an SLA)
- Society of Antiquaries of Newcastle Upon Tyne owns most of the archaeological collection at the Great North Museum: Hancock; it also loans artefacts to other museums in the area and supports research activity
- Friends of Sunderland Museums support museums in Sunderland and continue to work with TWAM.

Thus, the museums covered by TWAM are served and sustained by a number of separate but related organisations, some with significant resources, while others are relatively small bodies whose activities do

not generate significant financial or economic transactions but are of significance to the successful operation of local museums.

TWAM seeks to enable communication and interaction between the different organisations to assist the exchange of information and best practice and to facilitate coordination of activities, e.g. via annual meetings, as well as via informal networking events. The overall approach is not to develop a rigid, shared strategy, nor is it to control the activities of the different organisations within a particular framework; the approach is to facilitate individual and shared endeavours for mutual benefit.

Economic activities

The Joint Committee undertakes a number of economic activities in addition to its core museum activities, including:

- Property and land (land and property deals normally have to be negotiated with the local authorities and the university; the expectation is income from rents will be attributed to the museums, not 'top-sliced' by a parent body)
- Professional services (including consultancy to other museums, e.g. bid writing and project management)
- Research
- Learning
- Food & drink/catering (catering is contracted out to three independent providers, so the full economic activity associated with catering in the museums is not captured in TWAM's accounts, and, as some of the providers form part of larger operations, the impacts cannot easily be identified using the accounts of TWAM's suppliers)
- Retail
- Rides and leisure activities
- Venue hire
- Events
- Filming
- Publishing & printing
- Records Management
- Image rights/photographic rights (mainly for the Laing Gallery)
- Apps and other media
- Leveraging assets (e.g. a picture hire scheme)
- Fundraising (TWAM has a fund-raising team which works with the Development Trust and friends groups to raise funds to support TWAM's activities).

TWAM has taken significant steps to increase the level of income it earns from trading activity, in order to reduce its reliance on diminishing levels of public funding. Steps taken include the introduction of regular charged-for exhibitions – as opposed to the previous practice of holding exhibitions which had no charges for entry. TWAM's new strategy was shaped by a Museum Rapid Enterprise Assessment carried out in partnership with consultants Black Radley. A team of managers has been 'hot-housed' to focus on economic performance. The team meets on a monthly basis to review performance, along similar lines to the performance management practice of retail chains; data on footfall, retail sales, venue hire, and catering are reviewed by location. The changes in practice have produced encouraging results; with a 28 per cent increase in spend in the Laing Art Gallery's shop during the run-up to Christmas 2013, and good ticket sales for the first of the Laing's charging exhibitions (additional retail takings more than compensated for a drop in donations which followed the introduction of charges).

In recognition of its work, TWAM won the 2014 Enterprise in Museums Award.²⁸ TWAM is now in the process of rolling out the lessons learned from the Rapid Enterprise Assessment exercise in order to involve staff across the organisation.

Scale of operations

The table below shows DCMS data on total visitors to TWAM's museums for the three financial years 2008-09, 2010-11 and 2012-13, plus the percentage of visitors who were from the local area, its wider region, the UK and overseas, and the average gross spend per visitor.

Table 23: Visitor figures and visitor spend at TWAM

	2008-09 ²⁹	2010-11	2012-13
Visitors	1,518,092	2,023,249	1,740,863
From Tyne & Wear	62%	74%	70%
From the wider North East	13%	11%	16%
From the UK	21%	13%	11%
From overseas	4%	2%	3%
Gross spend-per-visitor	£0.375	£0.33	£0.36

Sources: DCMS Museums and galleries monthly visits³⁰ and TWAM

The data show a relatively low level of spend-per-visitor and that a relatively small proportion of visitors come from overseas (which implies a relatively limited additional economic impact at the national level from spending by visitors to TWAM's museums).

TWAM's staffing levels have fallen between 2009-10 and 2012-13. It employed 268 staff (235.15 FTEs) in 2008-09, 285 (243.75 FTEs) in 2010-11, and 231 (189.9 FTEs) in 2012-13.

As noted above, friends groups work with TWAM to provide volunteers, who are an important part of the infrastructure that supports the museums' activities. TWAM also manages its own volunteer programme designed to benefit both the volunteer and TWAM. There were 528 volunteers in 2008-09, 792 volunteers in 2010-11, and 675 volunteers in 2012-13. The 675 volunteers contributed around 30,000 hours (or approximately 4,000 days) to support TWAM's museums in 2012-13. These contributions to conservation, fundraising and visitor experiences are not counted in traditional national accounts, as there is no financial transaction attached to them; but they do help sustain TWAM's assets and its day-to-day operations.

TWAM's annual accounts³¹ show variation in turnover between the financial years 2008-09, 2010-11, and 2012-13; turnover was £15,123,000 in 2008-09, £17,131,894, in 2010-11 and £12,102,222 in 2012-13.

The Accounts for 2012-13 show gross expenditure, excluding trading activity, was £11,454,666, a decrease of £1,518,188 (11.7%) compared to 2011/12. The fall in gross expenditure reflects a cost reduction programme and completion of a number of major projects. The 2012-13 Accounts also note one-off additional severance and redundancy costs of around £139,000.

The table below provides a breakdown of TWAM's income for the three financial years 2008-09, 2010-11, and 2012-13 – the years are consistent with those used throughout the study. During the period under review, TWAM received funding from ACE's Major Partner Museums (MPM) Programme and from ACE's

²⁸ <http://www.twmuseums.org.uk/tyne-and-wear-archives/latest/corporate/enterprise-award.html>

²⁹ It should be noted that one of the largest museums with free entry, the Great North Museum, was closed in 2008-09, which has the effect of reducing the number of non-paying visitors to TWAM's museums, and which produces a slightly higher average spend-per-visitor than might otherwise have been the case.

³⁰ <https://www.gov.uk/government/statistical-data-sets/museums-and-galleries-monthly-visits>

³¹ TWAM produces an Annual Statement of Accounts which is subject to external audit and an Annual Governance Statement; data in this section have been taken from Annual Statements of Accounts, unless otherwise stated. It should be noted, accounts to 2012/13 cover the archives and museum services of five local authorities (Gateshead, Newcastle, North Tyneside, South Tyneside and Sunderland), from 2013/14 the annual accounts will no longer include Sunderland's museums (which left the Joint Committee in March 2013) but will, for a period of at least 2 years, include Sunderland's archive service.

Museums Development Programme to fund its work in support of those museums in the North East not funded through the MPM Programme.

Table 24: Turnover of TWAM broken down by sources

	2008/09	2010/11	2012/13
Local authorities	£5,948,000 (39.3%)	£6,770,000 (39.5%)	£5,782,000 (47.8%)
DCMS grant in aid	£2,206,000 (14.6%)	£3,699,000 (21.6%)	-
MLA Renaissance grant	£2,187,000 (14.5%)	£2,185,000 (12.8%)	-
Arts Council England	-	-	£3,797,000 (31.4%)
Other grants and donations	£2,923,000 (19.3%)	£2,945,000 (17.2%)	£1,144,000 (9.4%)
Trading activity	£1,340,000 (8.9%)	£1,170,000 (6.8%)	£1,060,000 (8.8%)
Other income	£519,000 (3.4%)	£363,000 (2.1%)	£319,000 (2.6%)
Total income	£15,123,000	£17,132,000	£12,102,000

Sources: TWAM's annual accounts

5.3 Indirect economic impact

TWAM's economic impact may be direct (e.g. its spending on employees' wages and its purchase of goods and services), it may also generate an indirect economic impact (e.g. via visitors' spending on goods and services offsite, such as transport, accommodation, and refreshments, and via spending by its staff and suppliers). Its economic contribution may be assessed at national and local levels. Our estimate of TWAM's direct economic contribution at the national level is that it achieved output/gross added value of around £5.01m in 2012-13.

TWAM is engaged in extensive social impact work. The economic benefits of this work (which could for example result in reduced demands on welfare and health services) are hard to quantify.

TWAM operates a procurement policy that complies with national and EU laws ensuring a single market for firms in the EU, as such, its procurement policies and processes cannot and do not favour local or English firms. However, as a recipient of Arts Council funding, TWAM uses the environmental sustainability tool Julie's Bicycle, which may favour local sourcing on environmental grounds – but this is a potential outcome of the tool rather than its purpose. In 2012-13, TWAM spent £9.4m on goods and services (including staffing) in Tyne & Wear and a further £2.9m on goods and services from elsewhere.

In order to understand – and to demonstrate – its overall economic contribution, TWAM commissions independent research. In 2012, it published independently produced research that estimated daily spend of local visits at £7.75 and average daily spend on longer visits at £31.04; with an average daily spend per visit of £12.48. It also estimated TWAM's gross economic impact on the region at nearly £70m a year – taking into account the spending carried out by all of TWAM's museums and their visitors. The net economic impact of all of TWAM's activities – taking account of leakage as well as local multipliers – was estimated at around £43m. And 701 jobs were judged to be supported by TWAM's activities.³²

As well as understanding the importance to local retailers and supply chains of its museums' spending on staff and supplies, TWAM is aware of the importance of an area's cultural offer to the wider business community, for example, in attracting and retaining staff. Given this shared interest, TWAM operates *Connect through Culture*, which has 20 members from a wide range of private sector businesses. Members of *Connect through Culture* can take part in bespoke team-building and volunteering activities. TWAM also engages local business representatives on the Development Trust Board and engages regularly with regional and local chambers of commerce.

Its links to business help TWAM's fundraising activities, its 2012-13 Impact Report notes: "£25,415 was awarded from the Business Partners Fund to fifteen diverse TWAM projects. This support helped to

³² BOP Consulting, *Economic Impact Assessment Tyne and Wear Archives & Museums*, November 2012

leverage over £69,690 of external funding. Adding mainstream TWAM funding to this figure, members of *Connect through Culture* supported projects totalling over £117,950."

TWAM also works with local universities. In some cases members of staff teach courses at a local university; an activity that helps their own career development as well as adding value to local universities' offers to students. In other cases, a university may directly support TWAM programmes e.g. Northumbria University has provided bursaries to assist mid-career ceramicists in association with the Henry Rothschild Collection at the Shipley Art Gallery. TWAM is currently working with its local authority partners to review and develop the business models for its different sites. Inevitably these business models will be different and diverse.

TWAM also recognises the potential economic importance of volunteering; it provides a route that young people may use to engage in the labour market and that unemployed or semi-retired adults may use to re-engage with the labour market. TWAM has worked with the Paul Hamlyn Foundation on a project to support 16 to 18 year-olds volunteer in culture, as a means of gaining employment or going on to further training. A second version of the project is now underway, building on lessons learned about people's different motives for volunteering.

TWAM has, in the past, worked with EU and UK regeneration programmes. TWAM is currently focused on maintaining its own links with local businesses and working with local partners to identify potential collaborations of mutual interest and benefit. TWAM is also working with local authorities to seek engagement with City Deals and Accelerated Development Zones and, as a member of Newcastle Gateshead Cultural Venues is seeking to engage with the North East LEP, particularly around the skills agenda. TWAM's plans for management of the Bridge organisation also include fundraising targets around skills.

Recognising the need for generating additional unrestricted income the TWAM Development Trust is currently recruiting additional trustees to support this activity and, as a first step, has successfully recruited a senior figure from the regional Asian business community.

6. York Museums Trust

This case study outlines the organisational arrangements and economic activities of York Museums Trust (the Trust). It covers income sources, the scale of operations (in terms of turnover, staff and volunteers), the different ways in which the Trust achieves economic impact, and where possible, the scale of that impact. It also considers the Trust's perspective on current and future economic challenges and impact.

6.1 Summary of findings

In 2011 research commissioned by the Trust identified that visitor impact was worth at least £15.5 million to the York economy (DC Research, 2011: 3) and procurement impact was worth just under £6.4 million to the local and regional economy (DC Research, 2011:9).

The Trust delivers direct economic impact through a range of income generation activity and employment. This activity is undertaken by the Trust and its wholly owned subsidiary, York Museum Enterprises. Turnover (including public funding) has increased from £2.5 million in 2002, when the Trust was set up, to just under £7 million in 2013. The Trust receives significant revenue funding and capital funding from the City of York Council. Substantial public investment has come through Arts Council England (ACE), and the Heritage Lottery Fund (HLF).

York is a major tourist destination: the majority of the Trusts' visitors come from outside York and the Trust identifies itself as having a key role in the City's tourism offer and visitor economy. There has been substantial investment in museum building and service development to regenerate the museum offer and increase income.

Future impact: the current £8 million capital project to develop the York Art Gallery opens in 2015 and the Trust is reflecting on, and planning, future business development in the context of reduced public funding. To maintain and continue to develop, the Trust is looking at new means to generate income. Significantly, it is reflecting on and discussing its attitude to the business of museums and seeking to move from being a "cultural service" to a "cultural business".³³

6.2 Direct economic impact

Organisational arrangements

York Museums Trust³⁴ was set up in 2002 to turn around the business performance of the City's museum service, which had declining visitor figures and increasing costs. The City of York continues to own the buildings, collections and land and a partnership agreement defines the management and funding arrangements between the City of York Council and the Trust. The Trust is a Charitable Company that trades through its wholly owned subsidiary, York Museums and Enterprises Ltd (York Museum Enterprises), managing York Art Gallery; York Castle Museum; York St Mary's; Yorkshire Museum; and York Museum Gardens. The Gardens include The Hospitium wedding, conference and event venue.³⁵

The Trust's vision is to 'play a part in positioning York as a world class cultural centre' with the main beneficiaries as the people of York and its visitors. Its objectives are to³⁶:

- protect and conserve the collections, garden and buildings;
- promote access to the collections, garden and buildings appropriate to the 21st century;
- create learning opportunities for all, and develop innovative programmes springing from the collections, gardens and buildings;
- network and collaborate with partners, and contribute to the development of the economic and cultural life of the City and region; and

³³ Janet Barnes Chief Executive Interview 24 July 2014

³⁴ York Museums Trust is the trading name for York Museum and Gallery Trust, which subsumes the Yorkshire Museums and Gardens Trust.

³⁵ <http://www.yorkmuseumstrust.org.uk/>

³⁶ <http://www.yorkmuseumstrust.org.uk/about-us/our-people/m>

- raise substantial funds to realise these aims.

The Trust works in partnership with two independent charities - The Friends of York Art Gallery and the Yorkshire Philosophical Society.

The Friends of York Art Gallery are effective fundraisers and support acquisitions, management and conservation through donations to the Trust of up to £10,000 per annum. Recently they raised £70,000 for the purchase of racking for the York Art Gallery store as part of its current capital development.

A collaboration with the Yorkshire Philosophical Society aims to fundraise up to £60,000 through crowdfunding for an artist's commission to celebrate the 200th anniversary of the 'Map that Changed the World'³⁷. An application to The Art Fund is also planned. The commission will be project-managed by the Trust and located in the York Museum Gardens.

Economic activities

Since 2002 the Trust has experienced considerable change in the mix of activities and level of income. Visitor income, then as now, is the main source of income. It accounts for almost 30% of turnover, and the museums attract c600,000 visitors a year. York Castle Museum and Yorkshire Museum are particularly important for attracting visitors. This is in the context of the City attracting around 7 million visitors a year³⁸ with a population of just over 200,000.³⁹

York Venues is the wedding, conference and events business of York Museum Enterprises. The growth of wedding and venue hire is the most substantial development in its income streams. Since 2009, when the business was set up, it has become increasingly significant. The Trust invested £500,000 in the development of The Hospitium as a wedding and conference location. A small team promotes and manages the business, and front of house services are provided by casual staff - often students. The Hospitium has become a popular wedding venue with up to 90 weddings a year, usually on Fridays and Saturdays. The conference business is aimed at weekdays, but struggled in the first few years due to the impact of the recession on local businesses. Currently, 60 -70 events are booked each year.

The initial investment to develop The Hospitium was split between local authority capital grant and loan. The Trust sought a loan prior to the recession and had no difficulty in being offered bank loans. However, the local authority offered the most advantageous repayment arrangements.

Catering is significant and is outsourced. The Trust has three main catering venues: York Castle Museum, the Art Gallery (currently closed for re-development with the new café contract out to tender) and The Hospitium. The Castle Museum franchise is run on a percentage basis and contributes £50,000 per annum. A separate contractor provides the wedding and event catering at The Hospitium also on a percentage basis. The Trust has a preference for working with local catering businesses as at The Hospitium, which it is estimated provides 50/60% of the local contractor's business.⁴⁰ The Castle Museum café is managed by a French based international company, who made "a very strong financial offer".⁴¹ The Trust does not stipulate the use of local or regional produce, but does insist on contractors paying the Living Wage.⁴²

Since 2013 the Trust's policy has been to pay the Living Wage and it insists that external contractors do likewise a propos catering and cleaning. The motivation is drawn partly from York's past and present role in social and economic debate, and City's connections to the Quakers and Rowntree family.⁴³

³⁷ <http://www.geolsoc.org.uk/Membership/Join-the-Society/~link.aspx?id=63483FB3-AED6-4BF3-B899-267D60CECC4F&z=z>

³⁸ Facts and Figures on tourism in York 2012 update Feb 2014

<http://mediafiles.thedms.co.uk/Publication/YK/cms/pdf/07-research-Keyfacts2012.pdf>

³⁹ ONS Mid Year 2012 population estimates

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-310118>

⁴⁰ Michael Woodward Chief Operating Officer Interview 6 August 2014

⁴¹ ibid

⁴² <http://www.livingwage.org.uk/what-living-wage>

⁴³ Michael Woodward Chief Operating Officer Interview 6 August 2014

Retail is managed in-house with outlets in York Castle Museum, Yorkshire Museum and the Art Gallery. It generates a modest profit, the scale of which is attributed to not having very high footfall relative to overheads. A balance between generating income and product quality determines buying policy. There is also substantial competition from other retail outlets in the City. The shop is regarded as part of the Trust's customer service offer, and provides local employment.

The Trust has undertaken extensive capital development, which has been prioritised by those venues that are most important in terms of income generation. The Yorkshire Museum (re-opened 2010), York Castle Museum (re-opened 2014), and York Art Gallery (£8 million project re-opening in 2015) have all been substantially redeveloped with grant funding from Heritage Lottery Fund, City of York Council and a range of trusts and other grant giving bodies.

The Trust delivers the Yorkshire Museum Development Service; grant funded by ACE and offers a wide range of development support to the wider, regional museums sector.

Learning services and programmes have a mix of free and charged activity with a focus of bringing people into the museums. Schools visiting the museums for self-directed learning pay admission and can access free learning resources for use in the galleries. Holiday activities are free once visitors have paid admission. Schools are charged for staff delivery in school.

Events form a small part of the business. They are intended to either support and encourage museum visiting as organised by the Learning Team, or to generate income. York Venues has begun developing an events programme that includes Film Nights and Wedding Fairs. The programme aims to generate income from The Hospitium around the main wedding and conference business. The Trust is involved with, and contributes to, the City-wide Roman, Viking and Illumination festivals.

Less significant areas of income generation include filming, publications and printing, image rights, digital media and rental. Filming is not actively promoted and the Trust may offset a charge against the marketing benefit of television or film exposure. Aside from the occasional guidebook, the Trust looks to have any high quality publication underwritten to minimise financial risk.

The Trust has adopted an open stance on image rights and is about to promote this on the website under Creative Commons.⁴⁴ Wikipedia is working with the Trust, in residence, to put images on line and create links to Wikipedia.

Previously, access to digital media was free as part of the visitor experience and on the basis that sharing knowledge and information is central to the Trust's activities. A new audio-guide to York Art Gallery is in development and it is planned to offer this and an existing audio guide to the City for sale on an MP3 player. Both the guide and MP3 player audio will cost around £5.00.

Telephone companies pay rent of £8,000 for the location of masts on Trust land.

Scale of operations

The following section details the value and scale of economic activity with commentary on factors that impact on the figures.

Visitors have increased from 360,000 in 2002 to c600, 000. Some years have dipped due to museums being closed for re-development - as in 2009-10 with the Yorkshire Museum and in 2012-13 with York Art Gallery closed for part of the year. The Olympics and Paralympics and poor summer weather in 2012 also led to fewer visitors (YMT 2013). However, the York Mystery Plays, in part staged in York Museum Gardens, brings visitors to the Yorkshire Museum.

Table 25: York Museums Trust visitor figures

	2008/09	2010/11	2012/13
No of visits	506,928	640,896	565,799

⁴⁴ <http://creativecommons.org/>

Source: York Museums Trust

Annual market research shows that 60% of visitors are visitors to York, and that many museum visits are by first time visitors. Local residents are those most likely to make repeat visits. The development of the membership scheme seeks to encourage repeat visits by residents and tourists, and more visits across the museums in general. However, there is some sense that the work involved in increasing visitors is currently “running to stand still”.⁴⁵

A target admission and secondary spend per head is set each year. Over the past few years admission spend has increased and secondary spend, in particular retail has decreased. This may reflect re-development work at York Castle Museum.

Table 26: Visitor spend at York Museums Trust

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Total from Admissions	£1,413,426	£1,719,116	£1,817,485
Total from Retail (ex-VAT)	£369,000	£392,000	£376,000
Admissions spend per visitor	£2.79	£2.68	£3.21
Retail spend per visitor	£0.73	£0.61	£0.66

Source: York Museums Trust

The Trust has reviewed the concessions policy and is piloting a scheme to replace the current 60 plus concession with more significant savings for young people and low income visitors.

Employment has increased and the skills base has changed significantly since the Trust was set up in 2002. In particular, the marketing and commercial teams have grown significantly and there is the more recent development of a digital communications team. The level of curatorial staff has been maintained, but over time the age profile has reduced. As the Trust has developed a higher profile nationally in the museum sector it has been able to recruit very good and productive staff.⁴⁶ Staff numbers are unlikely to increase with freelance staff contracted for project work. This is seen to work well and a “more fluid way of working” is set to continue.⁴⁷

Table 27: Number of employees at York Museums Trust

	2008/09	2010/11	2012/13
Number of FTE Employees	95	94	93

Source: York Museums Trust

Volunteer numbers have grown since 2007-08 when a volunteer manager (MLA/Renaissance funded) set up the current scheme. The volunteers are predominantly students or retired people, and mainly work on projects in public facing roles. The Trust aimed to have 500 volunteers by 2015 and has already achieved this. The Trust is re-thinking volunteer roles in advance of the 2015 re-opening of the York Art Gallery.

Table 5 Volunteers by headcount

Table 28: Number of volunteers at York Museums Trust

	2008/09	2010/11	2012/13
Number of volunteers	323	387	508

Source: York Museum

⁴⁵ Janet Barnes Chief Executive Interview 24 July 2014

⁴⁶ Janet Barnes Chief Executive Interview 24 July 2014

⁴⁷ ibid

The 2010-11 and 2012-13 figures include an overall increase in public funding and in 2012-13 HLF Lottery grant for York Castle Museum.

Table 29: Annual turnover of York Museums Trust

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Consolidated accounts	£5,185,878	£6,161,035	£6,805,530

Source: Charity Commission

York Castle Museum is the most important income provider for the Trust⁴⁸. The 2011 economic impact study (DC Research, 7) estimated visitors to the museum had an impact of £12,538,789; accounting for 80% of the Trust's total impact. It should be noted that at the time of the study the Yorkshire Museum had just re-opened after capital development and so had smaller visitor numbers on which to base an impact estimation.

Table 30: Turnover of York Museums Trust broken down by sources

Activity	2008/09 (£)	2010/11 (£)	2012/13 (£)
Admission Fees	£1,413,426	£1,719,116	£1,817,485
Gift Aid	£237,000	£289,220	£245,397
Donations	£14,833	£179,855	£415,800
Trading	£607,643	£761,426	£758,137
Grants	£390,764	£449,423	£498,329
Other Non-Public	£123,652	£161,150	£132,776
Lottery	-	-	£96,839
Local Authority	£1,616,852	£1,538,728	£1,506,708
MLA / Arts Council	£781,708	£1,062,117	£1,334,059
Total	£5,185,878	£6,161,035	£6,805,530

Source: York Museums Trust

All catering income at The Hospitium (included in Trading) comes directly to the Trust and the contractor re-charges. This is a new arrangement; only a proportion of previous catering turnover is included in the historic figures.

As is discussed under future economic activity below, public funding is reducing with further local authority reductions of £100,000 in 2014-15 and £500,000 in 2015-16⁴⁹. The Trust is focused on substantially increasing income generated through visits.

The Trust works with other visitor attractions in the York Big Attractions Group⁵⁰, to benchmark activity and identify visitor trends. This helps to inform where resources are allocated.

6.3 Indirect economic impact

Impact study

In 2011 the Trust commissioned an economic impact study to provide quantitative evidence of impact to key stakeholders, in particular the local authority. Previously, making the case for the Trust's impact and the value of the public investment that the Trust attracted to the City was challenging. The Trust had a sense that museum investment was perceived to be of less value than a business bringing the same amount into the City.⁵¹ The study was also important for the Board in allowing it to put figures to the

⁴⁸ Janet Barnes Chief Executive Interview 24 July 2014

⁴⁹ *ibid*

⁵⁰ <http://mediafiles.thedms.co.uk/Publication/YK/cms/pdf/07-research-attractionmonitor.pdf>

⁵¹ Janet Barnes Chief Executive Interview 24 July 2014

wider impact the Trust was generating. In 2013 the Local Government Association featured a summary as a case study in *Driving growth through local government investment in the Arts* (LGA, 16).

The study estimated the Trust's economic value to the York economy and Yorkshire through visitor direct and indirect impact; induced employment and procurement and capital expenditure impact. The methodology is based on HM Treasury's 'Green Book' and is set out along with the assumptions (DC Research, 2011: 12).

The study estimated that in 2010-11 the impact of visitors to the Trust's venues was worth at least £15.5 million to the York economy, the equivalent of supporting 196 full time jobs (DC Research, 2011: 3), representing a return of £10 for every £1 invested by the City of York. In addition it was estimated that the Trust's employment and procurement direct and indirect impact supported 100 full time equivalent jobs in York and a further 42 full time equivalent jobs in Yorkshire. Goods and services were worth £4.5 million in York and £1.75 million in Yorkshire (DC Research, 2011: 3). The total local and regional procurement impact is estimated at just under £6.4 million (DC Research, 2011: 9).

Local businesses

The Trust recognises the value of York Venues as a local business able to attract wedding parties to York with the attendants spending on accommodation and other services. As discussed above the Trust is a significant client for local businesses, catering in particular.

To date the Trust has had little engagement with the two Local Enterprise Partnerships (LEP) in the region.

Developing corporate funding is not an area the Trust has targeted resources at due to the input required to gain a result. There is a strong relationship with one major company whose head office is in York who have supported projects.

Education

The Trust has sought to build links with the University. This has led to the development and feasibility testing of a new postgraduate design course working with the Trust's ceramics collection and the new Centre for British Studio Ceramics as a part of the York Art Gallery re-development.

Tourism

The value of tourism is acknowledged in the York Economic Strategy (2012, 4 and 5) and the Trust is actively involved with VisitYork, the City's Destination Management Organisation and York Big Attractions group. In 2012 the group attracted 2,318,806 visitors (VisitYork, 2013).

The Trust leads a Yorkshire-wide partnership promoting visual arts in the region.⁵² 'Yorkshire Arts Guide' involves up to 25 organisations with an annual publication and promotion through social media. This is targeted primarily at people living in Yorkshire with the aim of sharing audiences. A similar initiative '1914 in Yorkshire' is underway.

The Trust recognises that it makes a significant contribution to the tourism offer and visitor economy, as well as attracting investment to re-develop and improve access and engagement with York's heritage. It is actively developing and re-positioning its business to continue to do so.

Projected future impact

Levels of both local authority and ACE funding are falling. The Trust has had to consider the possibility that public revenue funding may cease. In the short to medium term, the Trust has reviewed costs; identified activities such as learning that are appropriate for trust and foundation grants, and is developing plans to generate additional income. A staff re-structure has reduced costs. Bringing public facing, learning, communications and York Venue staff together aims to develop a more commercial

⁵² <http://www.yorkshire.com/what-to-do/artistic/art-galleries-in-yorkshire>

approach across the teams⁵³. There are plans to invest in a new store in a building owned by the Trust to replace its current rented premises.

It is envisioned that, as public funding decreases and in the wake of capital development, visitor income will increase over the next two years. Charging will be introduced at York Art Gallery when it re-opens in 2105. A major initiative is the development of a Membership scheme. Its purpose is to increase repeat visits, expand tourists' use of all the Trust's museums, and to develop legacy giving. To date the Trust itself has not had a high public profile, focusing on promoting the main museums. The Membership scheme places the Trust in the foreground. The ambition is to attract 10,000 members a year⁵⁴.

Future asset development includes the Botanic Gardens, and the identification of appropriate income generation activity. Currently entry is free to an estimated 1.7 million visitors a year. Investment to date has focused on the Botanical offer and the gardens are being extended to link to the Art Gallery.

Acknowledgements & References

City of York Council and York Economic Partnership (2012) *York Economic Strategy 2011-2015*
http://www.york.gov.uk/info/200336/economic_development_service/593/york_economic_strategy_2011_-_2015

DC Research (August 2011) *Estimating the Economic Value of York Museums Trust* unpublished

LGA (2013) *Driving Growth through local government investment in the arts*
http://www.local.gov.uk/c/document_library/get_file?uuid=df4efd72-c01e-40c4-a363-3a91b99d0b7d&groupId=10180

VisitYork (January 2013) *York Big Attractions Group Monitor 2012*
<http://mediafiles.thedms.co.uk/Publication/YK/cms/pdf/07-research-attractionmonitor.pdf>

York Museums Trust (March 2013) *York Museums Trust Performance report 2012-13 Annexe 1*
<http://democracy.york.gov.uk/documents/s81534/Annex%201.pdf>

⁵³ Janet Barnes Chief Executive Interview 24 July 2014

⁵⁴ Michael Woodward Chief Operating Officer Interview 6 August 2014