

**THREE YEAR FUNDING AGREEMENT (2003-06)
BETWEEN THE DEPARTMENT FOR CULTURE, MEDIA
AND SPORT AND THE BRITISH MUSEUM**

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1. INTRODUCTION

1.1 This agreement:

- is between the Department for Culture, Media and Sport (DCMS) and the British Museum (the Museum);
- is signed by the Minister for the Arts for the DCMS and by the Chairman of the Museum on behalf of the Trustees;
- is valid for the three-year period April 2003 to March 2006
- takes account of the statutory requirements placed upon the Trustees of the Museum by the British Museum Act 1963 and the Museums and Galleries Act 1992.

2. STRATEGIC CONTEXT

Aim and Objectives of this Agreement

- 2.1 The aim of the Museum is to hold for the benefit and education of humanity a collection representative of world cultures and to ensure that the collection is housed in safety, conserved, curated, researched and exhibited.

The Museum maintains a high level of expertise for the purposes of conservation, research and protection of the collection and to respond to the many thousands of direct enquiries it receives from the public each year.

It has a high global reputation and is a major contributor to tourism and culture in London.

Its key stakeholders include DCMS and other funding bodies, its visiting public, schools, the academic and museum community in the UK and overseas, its staff, Camden Council and the local community, and future generations of visitors.

This agreement sets out the Department's aims and objectives, key priorities and targets established in its Public Service Agreement and Service Delivery Agreement with Treasury (listed in annex A attached) and shows how the Museum's own objectives and activities will contribute to their achievement; identifies any further key objectives to which the Museum may be working; and lays out the targets against which achievement of the objectives is to be measured.

- 2.2 The funding agreement captures the "headlines" of what public investment is achieving and the statutory obligations of the Museum.

Strategic Priorities and Rationale for Targets

- 2.3 A key aim of the Funding Agreement is to demonstrate what the key connections are between the Museum's core business

and DCMS's own objectives and its four key strategic priorities. It is important that the linkages between the Museum's activities and the DCMS's objectives, its PSA and Service Delivery Agreement targets are clear.

- 2.4 The table at annex B is intended to demonstrate clearly how the Museum's objectives and activities link to each relevant DCMS objective; how the targets in section 4 below connect with DCMS objectives, DCMS's PSA and SDA and the Secretary of State's 4 key priorities.

British Museum's Strategy, Planned Activity, Measurement and Risks

- 2.5 The Museum's strategy is to re-position the Museum publicly, complete the delivery of the necessary deficit savings, consolidate its position through improvements to its operational performance and then prioritise investment towards its human resources and buildings while rebuilding its revenue reserves.

The Museum has already made a number of Board and senior management changes including the appointment of a new Chairman and Director and has completed and implemented a major review of governance.

The key future activities are:

- finalisation of plans, in consultation with Unions, for the last of the four areas of cost savings in the Museum
- celebration of the 250th anniversary with the opening of the King's Library and the Wellcome Gallery
- consolidating Ethnography and Prehistory & Europe onto the Bloomsbury site
- maintaining visitor numbers while broadening the visitor mix
- building the capacity of staff through training and development, recruitment, performance management, appraisal and feedback
- developing plans for effective use of available space in the longer term.

Milestones and measures of achievement will be provided by:

- delivering a surplus on the Income and Expenditure account in 2004/05
- opening of the King's Library in 2003
- vacating property in Burlington Gardens by March 2004
- maintaining visitor numbers and increasing the proportion of visitors in C2DE economic categories and the number of child visitors
- having appropriate staff development plans in place in 2004/05

- having developed a conceptual plan for the effective use of space by March 2005.

In addition to the achievement of DCMS objectives, the Museum also contributes to the achievement of three DfES objectives:

- through school visits it encourages wider learning opportunities for primary school children
- through family and school visits, websites, teaching resources and teacher training, it contributes to the achievement of the Key Stage 3 strategy, supports development of innovative approaches and provides high quality support for young people in their personal development
- through its websites, it also provides e-learning opportunities for adult learners.

By regularly hosting visits by foreign heads of state, diplomats and ministers, the Museum further contributes to the achievement of two FCO objectives:

- positive foreign perceptions of the UK
- strengthening the international community and Britain's role and reputation within it.

2.7 The main risks to achievement of the strategy, activities and targets in this agreement are:

- the impact of terrorism or war on visitor numbers
- over-programming of the Museum's resources during the period of change
- over-reliance on key managers to deliver the changes
- failure of the museum's building, plant or service infrastructure due to historic underinvestment
- staff morale and capacity impeding delivery of the deficit and Annual Plan actions
- failure of the new departmental structures to deliver Museum priorities
- failure to create reserves for future development
- restitution and litigation issues
- failure to develop and deliver a suite of HR strategies
- failure to manage capital programme
- failure to manage and meet key stakeholders' expectations.

3. LEVELS OF PUBLIC INVESTMENT FOR 2003-2006

- 3.1 The level of Government funding for the 3 years 2003-2004 to 2005-2006 includes the amount announced in the Secretary of State's letter of 22nd October 2002 plus any further amounts agreed prior to the signing of the agreement and will be as follows:

£ms	2003/04	2004/05	2005/06
1. Resource Baseline	35.969	35.969	35.969
2. Capital Baseline	1.300	-	-
3. Additional Resource Grant-in-Aid	0.400	1.455	1.870
4. Additional Capital Grant-in-Aid	-	-	-
Totals	37.669	37.424	37.840

- 3.2 Additional funds may be available as a result of the funding held back to promote strategically commissioned projects from 2003-04 onwards. Those museums and galleries that receive additional funding will agree specific targets in relation to strategic commissioned projects.
- 3.3 There is no guarantee that such additional funds will be available. Where no decision has been made at the time of signing they will be dealt with by subsequent variations to the Funding Agreement.
- 3.4 The Museum will plan and agree targets on the basis of the figures as given above. Variations to this agreement may be agreed and incorporated as necessary.
- 3.5 Success in achieving the targets in this funding agreement will inform the way in which the Secretary of State is able to approach the next funding round with Treasury. The Museum's demonstration of measurable improvements in service delivery and achievement of the targets to support delivery of Government policies will be a factor in the Secretary of State's decisions over future allocations.
- 3.6 This Funding Agreement recognises that the achievement of the targets may also reflect success in self-generated income, sponsorship and improvements in efficiency.

4. PERFORMANCE TARGETS

- 4.1 The targets in this funding agreement reflect both qualitative and quantitative activity that the museum will undertake. It does not purport to be comprehensive but captures the headlines only. The Department proposes to agree a number of core quantitative targets (6) to be included in all funding agreements. A small number (2-4) of additional qualitative targets aim to describe specific activities that the Museum will deliver.
- 4.2 The specific quantitative targets for the three years of this agreement are:

Core Target	2003-04	2004-05	2005-06
1. Total Number of Visitors	4.4m	4.4m	4.5m
2. Numbers of Children Visitors	0.9m	0.93m	0.96m
3. Numbers of venues in England to which objects from the Collection are loaned	75	80	85
4. Number of C2DE visitors required to achieve an 8% increase by 2005-06 on the 2002-03 baseline	580,000	600,000	620,000
5. Number of website hits (unique users)	5.5m	5.5m	6.0m
6. Number of children in organised educational programmes both on-site and outreach	145,000	150,000	160,000

- 4.3 The following qualitative measures/activities specifically aimed at delivering the Secretary of State's key strategic priorities are as follows:

- a. **Strategic Priority 1** - Enhancing access to a fuller cultural and sporting life for children and young people, and giving them the opportunity to develop their talents to the full.

A prime example of the Museum's contribution to this is provided by school visits. The Museum provides a unique introduction to world cultures. Many schools organise visits to the Museum for their pupils and most of these 145,000 plus children per year carry the memory and better understanding with them into later life. Their teachers are crucial to the quality and effectiveness of these visits by integrating the museum visits into children's learning at school. As Ofsted has identified in a recent report, teachers need guidance and support to achieve

this. The Museum is consequently focusing on providing introductory courses for teachers, to skill them to help children to formulate enquiries in advance, structure their visits to this and other museums, make best use of the objects and facilities and exploit the visits to the full back at school. The Museum will revise its printed educational resources to reflect this approach and will promote it more widely through its website. Training each primary teacher will result in at least 150 children broadening their experience and appreciation of historic cultures and peoples. Success will be measured by Ofsted and teacher feedback.

- b. **Strategic Priority 2** - opening up our institutions to the wider community, to promote lifelong learning and social cohesion.

*Entry to the Museum is free to all visitors. In 2003 the Museum's initiatives to broaden its appeal to the general public are exemplified by the major temporary exhibition *Treasure: finding our past*. The exhibition will then tour regionally further widening access. As a fore-runner of the exhibition the BBC ran a "top ten treasures" programme, featuring ten items from the British collection and British Museum curators on New Year's Day 2003. The programme was watched by 3 million viewers.*

This is planned to be followed, subject to economic justification, in 2004 by the creation of a virtual reality exhibition about an Egyptian mummy, for screening on-site using advanced digital technology. Success will be measured by completion of the facilities and the number of visitors to the experience. Its outcome will be a relative increase in C1/C2/D visitors.

c. **Strategic Priority 3** - maximising the contribution which the leisure and creative industries can make to the economy.

The Museum is one of the best known and most frequently visited tourist attractions in the country with some 52% of its visitors coming from overseas. It is a major contributor to the health of the London tourism market and is rated highly in all major tour guides. The Museum works with key agencies including the London Tourist Board and Convention Bureau, international press agencies, tour operators and airlines. It offers a range of services tailored for foreign visitors including guided tours and foreign language guides for parties and individual visitors.

Success will be measured by sustaining or increasing the proportion of London tourists who visit the Museum.

d. **Strategic Priority 4** - modernising delivery, by ensuring our sponsored bodies are set, and meet targets which put the customer first.

All of the quantitative targets in this agreement refer to visitors and should be considered together with visitor satisfaction measures. The financial well being of the Museum is increasingly dependent on self generated income, most of which comes from visitors to the Museum. Care of those visitors to ensure the enjoyment of their visits is critical for the future generation of this income.

The Museum carries out twice yearly surveys of visitor satisfaction, including questions designed to identify levels of satisfaction with various aspects of specific visitor facilities. Subsequent management plans give priority to remedying weaknesses registered in these surveys.

Success will be determined by maintaining or improving the percentage of visitors (currently 71%) who describe themselves as very satisfied with their visits.

4.4 Each target (both quantitative and qualitative) will be reported at each performance review.

4.5 Responsibility for delivery of the targets in this agreement will be that of Mr Neil MacGregor, Director of the Museum.

5. REFORM STRATEGY

5.1 It is the objective of the Museum to improve operational performance over the two years 2004/05 and 2005/06, after delivering by the end of 2003/04 the savings necessary to eliminate the deficit. The activities to achieve this are:

- delivery of the headcount reduction by March 2004
- return of the Ethnography department to the Bloomsbury site by March 2004
- delivery of non-staff cost savings from across the Museum
- improving management accountability and effectiveness through organisational changes by March 2004
- setting attainable income and profit targets for revenue generation and fund raising
- in the short term reducing the capital works programme and cutting back on selected project budgets
- implementing strong project management - delivering projects to budget, time and quality
- focusing short term investment on people, maintenance and infrastructure projects
- building the capacity of staff and managers through training and development
- reviewing the Museum's operating model
- developing a long term investment strategy for the Museum's collections, buildings, staff and other assets.

6. VALIDATION OF PERFORMANCE MEASURES

- 6.1 Each of the Quantitative Core targets and the specific Qualitative programme/activity targets is based on clearly-defined and robust data sources as outlined in Annex B.
- 6.2 This agreement is also supplemented by the annual performance measures which were established following the Efficiency and Effectiveness Review.

7. PERFORMANCE REVIEW

- 7.1 Any planned/forecast changes from target outturn will be notified to the Department as soon as practicable.
- 7.2 The Museum will produce an annual review of this Funding Agreement no later than 31st July for the prior year. This will form the basis of the Autumn meeting to review last year's achievements, to monitor the current financial year and to look forward to the following year(s).
- 7.3 There will be at least 1 additional meeting to monitor in-year progress of the funding agreement.

Signed by:

The Rt Hon Baroness Blackstone
Minister for the Arts
Department for Culture, Media and Sport

Sir John Boyd KCMG
Chairman
The Board of Trustees
The British Museum
2 May 2003

DCMS Objectives

1. Increase participation in culture and sport and develop our sectors.
2. Develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors.
3. Modernise delivery to the customer by ensuring that DCMS and its sponsored bodies improve performance and pursue institutional excellence.

Secretary of State's 4 Key Strategic Priorities

1. Enhancing access to a fuller cultural and sporting life for **children and young people**, and giving them the opportunity to develop their talents to the full;
2. Opening up our institutions to the **wider community**, to promote lifelong learning and social cohesion;
3. Maximising the contribution which the leisure and creative industries can make to the **economy**;
4. **Modernising delivery**, by ensuring our sponsored bodies are set, and meet targets which put the customer first.

Public Service Agreement

The key deliverables through the **Public Service Agreement** that the Department has signed up to during the SR2002 period that relate to museums and galleries sector are:

1. Increase participation in culture and sport and develop our sectors.
2. Increase significantly take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.
3. Improve the productivity of the tourism, creative and leisure industries.
4. Improve significantly the value for money of the Department's sponsored bodies measured by a matrix of NDPB indicators.

Service Delivery Agreement

The key **SDA targets** to be delivered during the SR2002 period are:

1. The maintenance of free access to DCMS sponsored museums and galleries.
2. Increase the **numbers of children** attending museums and galleries to **7m by 2006**.
3. To increase the **numbers of children and young people participating in education programmes** run by the national museums and galleries to **2.4m by 2006**.
4. **Increase by 8% by 2005/06 adult C2DE visitors** to DCMS-sponsored national museums and galleries.

DCMS Objective	PSA/SDA Strategic priority	Key delivery mechanism/0020 activity	British Museum's Related Objectives/ activity	Core Performance Measures
Increase participation in culture and sport and develop our sectors	<p>Enhance access to a fuller cultural and sporting life for children and young people, and give them the opportunity to develop their talents to the full.</p> <p>Increase the contribution made to education by museums and galleries.</p> <p>Open up our institutions to the wider community, to promote lifelong learning and social cohesion.</p>	<p>To increase the numbers of children and young people participating in museum education programmes.</p> <p>Use strategic commissioning with national museums to deliver national / regional education partnerships</p>	<p>Partnerships with regional museums around long-term deposits and touring exhibitions, funding permitting.</p> <p>Targeted advertising, market research and outreach activity.</p> <p>Development of a timeline in History in partnership with four regional museums.</p> <p>Appraisal of Treasure Finds.</p> <p>Co-ordination of Portable Antiquities Scheme.</p> <p>On-site school visits, family festival events (18th Century, Eid, Africa, Chinese new year)and teacher training programme, funding permitting.</p> <p>Reposition exhibitions and other programmes.</p> <p>Build on relations with other museums.</p> <p>Prioritise the use of funding from commercial development and fundraising.</p>	No. of children and young people participating in education programmes (both on-site and outreach).

	<p>Increase significantly take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.</p>	<p>Maintain free access at national museums and galleries</p>	<p>Develop exhibitions drawn from the collection, shown first in London and subsequently toured regionally, funding permitting.</p> <p>On-line audience already 5 million; develop in short term, funding permitting, by adding more educational content.</p> <p>Review quality of all visitor facilities.</p> <p>Establish a core offer to the visiting public within existing financial and operating constraints.</p> <p>Develop the e-presence, funding permitting.</p>	<p>Total numbers of visitors.</p> <p>Total numbers of children.</p> <p>No. of website hits (unique users).</p> <p>No. of venues in England to which objects from collections are loaned.</p>
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	<p>Increase by 8% by 2005/6 adult C2DE visitors to national museums and galleries</p>	<p>Maintain free access at national museums and galleries.</p> <p>Use strategic commissioning with national museums to deliver national / regional community partnerships</p>	<p>A programme of exhibitions, star loans and long term loans with partner regional museums: Leicester, Manchester, Bolton, Brighton, Birmingham, York, Glasgow, Norfolk, Belfast, Tyne and Wear, Scotland and Wales, funding permitting.</p> <p>Participation in the National Touring Exhibitions scheme.</p> <p>Skills sharing through courses and secondments, funding permitting.</p> <p>Collaborative mapping of artefacts of specific cultures, time periods and types in UK museums, galleries and institutions, funding permitting.</p> <p>Outreach and access activity such as <i>Excavating in Egypt</i> and the <i>Arab World Programme</i> which visit schools and community centres, and handling sessions at local libraries and hospitals.</p> <p>Review the clarity and accessibility of collections-related information within Museum galleries.</p> <p>Establish an optimal balance between departmental and institutional programme activity.</p>	<p>% Increase in numbers of C2DE's</p>
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Develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors	Improve the productivity of the tourism, creative and leisure industries			
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Modernise delivery to the customer by ensuring that DCMS and its sponsored bodies improve performance and pursue institutional excellence.	Improve significantly the value for money of the Department's sponsored bodies, measured by a matrix of NDPB indicators.	<p>Work with NDPBs to improve delivery of strategic priorities concentrating on customer impact.</p> <p>Internal reform and modernization of delivery</p>	<p>Reposition the Museum as a universal museum, with a focus on the collections and their richness and diversity, demonstrating the relevance of and knowledge to be gained from the collections and the 'world under one roof'.</p> <p>Test alternative approaches to display through small scale pilots and develop a long term plan of the range and location of displays and galleries.</p> <p>Streamline decision-making and delivery of programme around clearly articulated objectives and measurement.</p>	Measured through a matrix of performance indicators from this funding agreement and the annual Efficiency & Effectiveness PI's including regular sampling and surveys of customer satisfaction.
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			<p>Restructure and launch the new departments of Operations, Communications, Learning & Information, Presentation, Development Office, Prehistory and Europe, Asia and Science Conservation & Documentation.</p> <p>Deliver the actions in hand for eliminating the deficit and construct a sustainable model for subsequent operations.</p>	
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Number of visitors

Electronic count of all visitors to the Museum's Bloomsbury site over the financial year 1 April to 31 March, updated daily. The baseline forecast for 2002/03 is 4.5 million.

Number of child visitors

A child visitor is one who is under 16 years old. Twice yearly analysis of visitors is carried out by independent market survey. The number is the average percentage applied to the actual annual visitor count adjusted for school parties, plus the sum of the number of children in the school parties. The baseline forecast for 2002/03 is 0.85million

Number of venues in England to which objects from the collection are loaned

Number of loans made in the course of the financial year to other museums and galleries in England. The baseline forecast for 2002/03 is 70

Number of C2DE visitors required to achieve an 8% increase by 2005-06 on the 2002-03 baseline.

A twice yearly analysis of visitors is carried out by independent market survey. The percentage of visitors reported in C2DE economic categories for each year is the arithmetic average from the two surveys. The 2002/03 baseline forecast is 572,000.

Number of web site visits (unique users)

Electronic count of the number of visits to the Museum's websites extending over ten minutes or more, adjusted for estimated visits to proxy caches and multiple visits from sites with common network devices. The baseline forecast for 2002/03 is 5.0million

Number of children in organized educational programmes both on-site and outreach

The number of children in prebooked school parties visiting the Museum plus the number estimated by Education staff for outreach events. The baseline forecast for 2002/03 is 140,000.

% of visitors very satisfied

A twice yearly analysis of visitors is carried out by independent market survey, distinguishing between very, fairly, neither satisfied nor dissatisfied, not very and not at all satisfied. Percentage of responses in very satisfied category. The baseline forecast for 2002/03 is 71%.