

DEPARTMENT FOR CULTURE, MEDIA AND SPORT



# **National Museums and Galleries: Funding and Free Admission**

Government Response  
to the House of Commons  
Culture, Media and Sport Committee

*Presented to Parliament  
By the Secretary of State for Culture, Media and Sport  
February 2003*

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# **THE GOVERNMENT'S RESPONSE TO THE HOUSE OF COMMONS CULTURE, MEDIA AND SPORT COMMITTEE REPORT ON NATIONAL MUSEUMS AND GALLERIES: FUNDING AND FREE ADMISSION**

## **Conclusion**

- (i) Most importantly the UK's museums and galleries are fun and fascinating places to visit. (Paragraph 15).**

## **Government Response**

The Government welcomes the Committee's recognition of the important role that the national museums and galleries play in peoples' lives. With the progressive introduction of Free Access the number of visitors has climbed steadily from 24 million in 1997/98 to over 30 million visitors this year, a magnificent testament to the importance of their role and to the success of the Free Access policy.

## **Conclusion**

- (ii) We welcome the eminently sensible adjustment to the Value-added Tax regime which allows non-charging museums and galleries to reclaim their input VAT despite not operating formally as businesses. We note that free local authority museums have been in this happy position since 1994 and we urge the Government to take a final logical step in extending this provision to free university museums. On the figures put forward by the Museums association this step should not prove unduly onerous to the Exchequer. (Paragraph 23).**

## **Government response**

Changes to the VAT regime are a matter for the Chancellor, subject to the European VAT Directive. The VAT refund scheme was designed specifically to help deliver the Government's pledge to ensure free access to the permanent collections of national museums and galleries.

However, the Treasury has made clear that it would be no simple matter to refund VAT to the University museums. Unlike the national museums and galleries University museums are not public bodies, and within the directive which governs the EC VAT system, they are covered by the rules governing the commercial and voluntary sectors. Were the Government to seek an extension to University museums of the VAT recovery afforded to national museums, it would risk falling foul of those EC rules.

## **Conclusion**

- (iii) We believe the financial flexibility should be included in DCMS' programme for modernising its relationship with museums and galleries. The Department should consider whether limited freedoms to borrow for specific income-generating projects might be beneficial to the museums and galleries and cost-effective for the public purse. We believe that, with sufficient risk management provisions in place, such a course of action would not prove incompatible with a rigorous public expenditure process. (Paragraph 45).**

## **Government Response**

The Government has yet to be convinced that there is a case for allowing the sponsored museums and galleries to borrow, particularly when they already receive substantial grant-in-aid on top of their self-generated income. Under the fiscal rules borrowing scores as public expenditure. Under Government accounting rules, the general presumption is that borrowing must be guaranteed explicitly by the Government, and that guarantees will not usually be given unless the terms offered by the lender are at least as good as those which the Government could obtain in its own name. In most cases public sector borrowers will be unable to meet that test. However, if the museums and galleries can make a persuasive case the Government will consider it.

## Conclusion

- (iv) **The museums and galleries sponsored by the Department for Culture, Media and Sport must receive sufficient funding to avoid the situation which gave rise to the imposition of admission charges in the first place. This is absolutely crucial. With the abolition of entry charges we believe that this funding should, at least in part, be sensitive to a number of variables such as the actual number of visitors to each institution - partly to reward success, partly to recognise wear and tear. If additional costs accrue to museums as a result of the free admissions initiative, which we applaud, the Government must accept responsibility for these consequences of its own policy. (Paragraph 48).**

## Government response

The additional funding that the Secretary of State has allocated to Museums and Galleries following the Spending Review is signal of the Government's intention to fund Museums adequately to deliver free access and, where appropriate, reward them for their achievements.

## Conclusion

- (v) **Funding for the sponsored museums and galleries should not simply be a matter of a two-yearly allocation of three years' money with sporadic special requests between times. There must be a more responsive process established including :**
- **access to funds from other departments whose objectives are being served (such as for example, the Department for Education and Skills and the Foreign and Commonwealth Office); and**
  - **access to funds in recognition of the cost implication of new duties and responsibilities, whether general or specific to the sector or an individual institution. (Paragraph 49).**

## Government response

The Government is introducing a number of innovations to the resource allocation process. From April 2003 the Secretary of State will be allocating some grant-in-aid to sponsored museums and galleries in response to bids aimed at delivering specific policy priorities. This funding will support partnership arrangements between national and regional museums and it will be complemented by an additional stream of funding from the Department for Education and Skills towards improvements in the educational use of museums. This will be the first time that funding has been made available to sponsored museums and galleries on a cross-departmental basis.

On the question of new duties the Government accepts the principle that these should be adequately resourced. So, for example in those cases where we have agreed with sponsored museums and galleries that they will undertake a programme of reform either additional grant-in-aid has been made available to support that or we have agreed, with Treasury approval, that major receipts may be retained and used to offset other self-generated revenue for this purpose.

Where institutions are provided with funding to offer a specific service, such as free access, but decline to provide it they can quite reasonably expect such funding to be withdrawn.

## Conclusion

- (vi) **Museums and galleries must be better funded in the sense that the current process for allocating funds, described as "opaque" by the museums, should be modernised as far as realistic. Exchanges regarding each institution's bid should be part of a transparent dialogue with clear links to an overarching strategic vision for each body agreed with the Department which would reflect better the long-term business of curatorial work. The burden of this process, however, must be, proportionate to the potential return. If in reality decisions are dependent on the Treasury's fiat then either the Treasury must be involved "round a table" or the other parties really should not waste each other's time. (Paragraph 50).**

### **Government Response**

Decisions about funding are based on three main considerations : the strength of the case; the availability of funds; and the strength of the case relative to competing demands. During the 2002 Spending Review officials gathered evidence from our sponsored Museums and Galleries, in consultation with the National Museums' Directors Conference. This was then used to support the Secretary of State's overall case for funding in discussions with Treasury and Cabinet and subsequently to inform the allocations. Prior to the allocations there were discussions with representatives of the Museums and Galleries at both official and Ministerial level. We are grateful to the Museums and Galleries for the quality of their evidence which contributed greatly to the strength of the case submitted and to the outcome obtained with the support of Treasury colleagues.

A key element of the Department's strategy for Museums and Galleries during the Spending Review was to protect their core funding, including support for their collections and curatorial expertise.

In terms of strategic vision each Museum or Gallery has a Corporate Plan which sets out its own objectives. These are then linked to the Secretary of State's objectives through a separate Funding Agreement with each institution.

### **Conclusion**

**(vii) DCMS should certainly have taken the lead in establishing appropriate methodologies and should now work towards establishing a common framework to improve the accuracy and consistency of the counting and profiling of visitors for the purposes of improving policy. (Paragraph 54).**

### **Government Response**

Following the Review of the Efficiency and Effectiveness of State sponsored Museums and Galleries in 1999 DCMS, working together with members of the National Museums' Director's Conference and expert consultants, prepared and field-tested detailed guidance on the gathering of visitor and other performance indicator data. This guidance was issued to all the Department's sponsored Museums and Galleries in February 2000 and to the devolved authorities. DCMS has submitted a copy of the guidance to the Committee.

### **Conclusion**

**(viii) Interdepartmental consultation is clearly necessary, especially with the DfES, to ensure that there is the widest possible benefit from the policy of free admission to the national museums. (Paragraph 59).**

### **Government Response**

We agree. DCMS and DfES are already discussing how to provide closer links between the delivery of the Government's cultural and educational objectives through Museums and Galleries. DfES is contributing funding both to the development and extension of partnerships between National and Regional Museums and to the related project to improve the delivery of cultural and educational objectives through regional museums.

### **Conclusion**

**(ix) It is too early to draw firm conclusions about the actual impact of free admission, either for the institutions directly affected or for the wider sector as a whole. However, emerging trends and previous research indicate that free admission on its own is unlikely to be effective in attracting significant numbers of new visitors from the widest range of socio-economic and ethnic groups. We recommend that the Department consult on how best to tackle the non-financial barriers to museum and gallery visiting to build on the overall increases in visit and visit numbers that have undoubtedly occurred. (Paragraph 60).**

## **Government Response**

Evidence for the first full year of free access, from December 2001 to end November 2002, shows an increase of 70% (nearly 4 million) in total visitors to our sponsored museums and galleries that previously charged for admission, a 78% increase in child visitors and a 93% increase in visitors aged over 60. The number of C2, D, E visitors appears to be up by 30% at the ex-chargers since April 2001.

At the South Kensington Museums the growth in visitors following the introduction of free access has been 96%, restoring visitor numbers to the levels achieved before charging was introduced. Free access has increased the number of visitors to our sponsored Museums and Galleries in the regions as well. In the North West visits are up by 74% to almost 2 million.

All this is firm evidence of the emphatic success of the policy of free access in removing barriers to admission but the Government will continue to look at and consult on ways in which access can be widened still further through its policies for both national and regional museums. The broad aim of these policies is to encourage the more extensive and effective engagement of museums and galleries in childrens' education, to increase admissions of people from groups of the population who have not as a rule visited museums and galleries; and to improve access to the national and pre-eminent collections, particularly in the regions of England. Funding will be targeted, through Resource to provide direct support to regional hub museums and separately to the national museums and galleries to encourage the further development of innovative and effective partnerships between national and regional museums and other bodies.

## **Conclusion**

**(x) We wholeheartedly support the principle of free admission to the nation's key artistic, cultural and scientific storehouses but more specific work needs to be done to achieve the objective of broadened access. Since the Government has called the tune, it must keep paying the piper. (Paragraph 72).**

## **Government response**

We welcome the Committee's support for the principle of free admission and for further work to achieve the objective of broadening access. We will continue to ensure that our sponsored museums and galleries are funded adequately to maintain free access and that the maintenance of free entry is a condition of grant in the formal Allocation Letter to which the Funding Agreement refers. Examples of the conditions of grant are set out in the allocation letters at Appendix 22 to the Committee's report.

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