



Department
for Culture,
Media & Sport

Sir Mark Jones
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Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London
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25/01/2024

Dear Chair

Accounting Officer Assessment: BM Energy Centre Programme (ECP)

It is normal practice for Accounting Officers to scrutinise significant policy proposals, or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the government has committed to make a summary of the key points from these assessments available to Parliament for projects within the Government's Major Projects Portfolio (GMPP).

Background and Context

The British Museum (BM) is one of the biggest attractions in the UK, with 4.5million visitors in 2022-23.

The BM's site in Bloomsbury is no longer fit for purpose and urgently needs significant investment. Surveys show that the building and infrastructure are in a very poor state. Investment in the estate through the BM's strategic masterplan will keep the BM attractive and open to the world. Failure to invest will lead to rising and unaffordable maintenance costs, growing risks to the collection and life with associated costs of claims, increasing reputational risks relating to the UK's ability to care for global heritage, and ultimately closure.

As an essential step towards the BM's net zero-carbon future and a more resilient estate, this next phase of the masterplan - the Energy Centre Programme (ECP) - will introduce a coherent, site-wide approach to infrastructure, powered by a new state-of-the-art energy transition hub. This project will improve resilience and flexibility, reduce risk to the collection, and release valuable space on a crowded site. Replacing inefficient existing infrastructure and introducing greater simplicity will improve operating efficiency and reduce the increasing burden of maintenance programmes.

This Accounting Officer assessment considers the four standards of regularity, propriety, value for money and feasibility.

Regularity

I assess the BM Energy Centre Programme as regular. Delivery of the programme is within the legal powers of the Trustees of the British Museum as set out in the British Museum Act 1963.

Initial funding of £53.4m, which will take the project to the end of March 2025, was awarded as part of the 2021 Spending Review. The Outline Business Case (OBC) was approved by DCMS and by HM Treasury in May 2023 with approval for expenditure in 2023/24. Funding for 2024/25 will be unlocked via Full Business Case (FBC) approval, due in early 2024. Funding for the remainder of the programme, up to 2029, is a pressure ahead of the next Spending Review.

As an Arm's Length Body, the Museum's relationship with government is via the DCMS Sponsored Museums team who provide DCMS oversight during delivery. The Programme also reports to the DCMS Delivery and Risk Committee monthly and quarterly to the Infrastructure and Projects Authority as part of the Government Major Programmes Portfolio.

Summary: There are no issues relating to regularity for the Energy Centre Programme.

Propriety

I assess the Energy Centre Programme as proper. It is compliant with parliamentary control procedures and expectations for Arm's Length Bodies.

Careful consideration was given to assessing that the programme aims are consistent with and can be delivered within *Managing Public Money* and the relevant standards and codes, and without frustration of government policy or damage to lawful private sector business in any unwarranted way. The programme can be administered to a standard that meets public expectations, with proper transparency, and the risks associated with the programme are acceptable. The programme is engaging with the Infrastructure and Projects Authority (IPA), to ensure it follows best practice.

Summary: There are no issues relating to propriety for the Energy Centre Programme.

Value for Money

The programme has been developed in accordance with *Managing Public Money* guidance and the preferred delivery option ensures best value for the public sector investment. The OBC assessment of the costs and benefits, prepared in line with the HMT Green Book, showed the programme to deliver value for money, with a positive net present social value (NPSV) and higher benefit cost ratio (BCR) compared to other options. It has been assumed that the benefits will accrue from 2029 onwards.

Value for money is a core consideration throughout the programme planning and will continue to be across the programme length, to ensure best use of public money.

Summary: I assess that there are no VFM issues, and the preferred option will deliver the best value, subject to FBC approval.

Feasibility

The OBC set out the plan for the programme and provides a base for feasibility. We are confident that the programme can realistically be delivered on time and on budget and that the preferred delivery option is the best route to deliver the benefits within the timeframe proposed. Sufficient contingency has been applied to costs and time to allow a feasible budget and timeframe, and we will continue to work with the Government to review costs throughout the programme.

Scrutiny by both the DCMS Finance Committee and HM Treasury at the Outline Business Case stage recognised this is a complex and ambitious Programme however raised no significant concerns around the feasibility of delivery. The Programme continues to report through normal DCMS governance structures and is also subject to regular assurance reviews by the IPA.

Summary: There are no significant issues relating to feasibility for the Energy Centre Programme.

Conclusion

As the Accounting Officer for the Energy Centre Programme, I considered this assessment and approved it on 25/01/2024.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the lifetime of this project, I undertake to prepare a revised summary, setting out my assessment of them. This summary will be published on the government's website (GOV.UK). Copies will be deposited in the Library of the House of Commons, and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Yours sincerely

A handwritten signature in black ink, appearing to read "M. P. Jones". The signature is written in a cursive style with a large initial "M" and a distinct "P" and "J".

Sir Mark Jones
Accounting Officer and Interim Director, The British Museum