



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Digital, Culture, Media & Sport

Investigation into maintenance of the museum estate

What this investigation is about

1 The Department for Digital, Culture, Media & Sport (the Department) sponsors 15 museums and galleries (the museums) in England, 13 of which are national museums. Museums and galleries form an important part of our culture. They have:

- intrinsic value (the enriching value of culture in and of itself);
- social value (improving educational attainment and helping people to be healthier); and
- economic value (the contribution culture makes to economic growth and job-creation).

2 The number of visitors to the museums has risen from 41.8 million in 2010-11 to 49.7 million in 2018-19, a 19% increase. The museums included seven of the 10 most-visited, free attractions in England in 2018.

3 The museums are arm's-length bodies of the Department, which is responsible for overseeing them. The Department provides the museums with funds (grant-in-aid) to contribute towards their running costs. Its capital grant-in-aid funding is for museums' spending on investment and creating future growth, and includes spending on maintenance. The accounting officers of both the Department and the museums are accountable to Parliament for the use of these funds.

4 The collective estate of the museums consists of around 40 public sites, with further archive and storage facilities. Many of the museums themselves are historic, listed buildings. Most have at least one public building which pre-dates the 20th century, with the oldest buildings in the estate dating from the 17th century. Many of the buildings were not built to be museums and have since been added to or restored.

5 Effective maintenance of this estate is an important and costly challenge for the Department and its museums. It enables the museums to deliver their statutory responsibilities, which typically include: preserving and exhibiting their collections; making them available to the public; and promoting public enjoyment and understanding of their subject matter. Museums may have varying definitions of maintenance which can include: the general upkeep of buildings and equipment; critical repairs required to meet health and safety obligations and protect collections; and works to address the backlog of such work.

6 The Department described its concerns about the condition of the museum estate in its 2017 strategic review noting that these concerns “...endanger collections and potentially staff and visitors”. It committed to look at how it could provide “further capital funding for national museums to undertake critical maintenance and repairs...”.¹ Examples of the museums facing problems with their estates include the Wallace Collection, where a piece of masonry fell from the portico in 2018 due to deterioration of the supporting beams; and the Science Museum Group’s Manchester site, where the Power Hall is closed for urgent repairs.

7 We became aware of museums’ concerns about the condition of their estates through our financial audit work. In light of these concerns, this investigation sets out the facts about the maintenance of the 15 museums sponsored by the Department (see Appendices One and Two for our approach and scope). We have identified similar challenges in maintaining estates in other public sector bodies, such as prisons, schools and the NHS.² Available data did not support calculating an estimate of the cost of rectifying problems with the estate, and we considered constructing such an estimate beyond the scope of this investigation. We have also excluded from scope the large-scale capital projects that many museums have undertaken to extend their public offer, such as the Tate Modern’s extension in 2016.

8 This report covers:

- oversight and funding arrangements for the museums and galleries;
- understanding of the museums’ maintenance issues; and
- funding the maintenance of the estate.

¹ Department for Digital, Culture, Media & Sport, *Strategic review of DCMS-sponsored museums*, November 2017.

² Comptroller and Auditor General, Department for Education, *Capital funding for schools*, Session 2016-17, HC 1014, National Audit Office, February 2017; Comptroller and Auditor General, Ministry of Justice, HM Prison & Probation Service, *Improving the prison estate*, Session 2019-20, HC 41, National Audit Office, February 2020; Comptroller and Auditor General, Department of Health & Social Care, *Review of capital expenditure in the NHS*, Session 2019-20, HC 43, National Audit Office, February 2020; Comptroller and Auditor General, Ministry of Defence, *Delivering the defence estate*, Session 2016-17, HC 782, National Audit Office, November 2016.

Summary

Key findings

Oversight and funding arrangements for the museums and galleries

9 The 15 museums and galleries (the museums) sponsored by the Department for Digital, Culture, Media & Sport (the Department) are operationally independent, setting their own strategies and spending decisions. The museums have been responsible for maintaining their own estates since 1988. Each of the museums has unique statutory duties which typically include the responsibility to preserve and exhibit collections, including artefacts which are often priceless. Maintenance of their buildings, such as managing the condition of the roofs, and temperature and humidity of the galleries in which collections are stored and displayed to the public, is core to upholding these responsibilities. The Department is responsible for overseeing the museums. It has a management agreement with each museum which sets out priorities, financial controls, governance arrangements and performance measures. These agreements do not include any performance measures or reporting requirements directly related to maintenance of the estate (paragraphs 1.2, 1.3, 1.5 and 1.6).

10 Grant-in-aid funding received by the museums from the Department fell by 20% in real terms between 2010-11 and 2018-19. Grant-in-aid is the money provided by the Department to the museums to contribute to their running costs. The museums are reliant on grant-in-aid to fund operations such as estate maintenance and the upkeep of core infrastructure and back-of-house areas. In 2015, they projected that 90% of their spending on essential maintenance between 2016-17 and 2020-21 would be met from grant-in-aid. Grant-in-aid received by the museums decreased from £361 million in 2010-11 to £333 million in 2018-19, representing a real-terms fall of 20%. Grant-in-aid as a proportion of total income has fallen from 57% to 44% (paragraphs 1.8 to 1.11).

11 The museums have accessed other sources of funding, but face difficulties getting funders to cover estate maintenance. Although grant-in-aid has fallen, museums have increasingly supplemented it with money from commercial and philanthropic sources, as the Department requested. This fundraising and other income increased from £274 million in 2010-11 to £432 million in 2018-19, representing a 37% increase in real terms. This has contributed to a real-terms increase of 5% in the museums' total income over the same period. Sources of fundraising and other income often have conditions attached that only allow spending on public-facing elements of buildings. The Department has recognised that fully offsetting the reductions in grant-in-aid with alternative sources of funding is not always realistic (paragraphs 1.8 to 1.10).

12 The Department committed to make some changes to its oversight and funding of the museums in its strategic review in 2017. The Department committed to look at how it could provide further capital funding for museums to undertake critical maintenance and repairs to protect and preserve the museum estate. It has taken steps to prioritise funding towards museums' maintenance needs. In 2019 it allocated additional funding to the museums for 2019-20 and 2020-21 of £42 million through its Maintenance Fund, sourced from underspends elsewhere in the Department. It also committed to review grant-in-aid allocations to the museums to prepare for the next Spending Review. Research commissioned by the Department in 2018 identified that it needed more analysis to inform its grant-in-aid allocation decisions. This included gaining a better understanding of the size of museums' capital maintenance backlog, and the funding required to avoid it increasing (paragraphs 1.13 to 1.15).

Understanding of the museums' maintenance issues

13 The Department is concerned about the condition of the museum estate. In 2017 it found that "the lack of sufficient maintenance" was "creating significant risks" and noted that concerns over the museums' maintenance backlogs "endanger collections and potentially staff and visitors". The Department uses a risk-based system of engagement with the museums to identify and monitor risks, including those to the estate. It records the risks for each museum in a risk register. As at July 2019, the Department had identified 95 risks for the museums, 18 of which (19%) related directly to the need for repairs to the estate or the funding of this work. At least one such risk was recorded for 10 of the 15 museums (paragraphs 1.7, 2.2 and 2.3).

14 The Department does not collect the information necessary to quantify the funding required to address the maintenance backlog in the long term.

Although some museums choose to share information, the Department does not formally require museums to provide data on their maintenance backlog, their current level of maintenance spending or the level required to avoid the backlog increasing. The Department gets information about spending required in submissions for capital funding during Spending Reviews and other funding rounds. Museums' submissions only provide their funding requirements for the timeframe and project types specified by the Department. They do not give a complete picture of the museums' backlog of estates work, and some museums told us their full backlog of works is greater than that included in their submissions. Others said they do not know the full extent of their backlog (paragraphs 2.8 and 2.9).

Funding the maintenance of the estate

15 The Department's grant-in-aid funding has not been enough to cover the amounts the museums have requested for repairs to the estate.

The Department is allocated funding by HM Treasury. Following the 2015 Spending Review, HM Treasury allocated the Department 73% of the core capital funding it requested. The Department then decided how to spread this money across the full range of its responsibilities, taking account of a number of projects that HM Treasury told the Department it had to fund. It allocated the museums 56% (£140 million) of the core capital grant-in-aid funding they initially requested. In 2019 it allocated them 54% (£42 million) of the £78 million funding they requested for "genuinely urgent or critical repairs" from the Maintenance Fund, for work that could be completed by March 2021. In its March 2020 Budget, the government announced additional funding of £27 million for critical maintenance work on museums' estates in 2020-21, 7% of the amount requested by the Department for the period 2020-21 to 2024-25. The government committed to further actions to address the maintenance challenges they faced at the next Spending Review (paragraphs 3.2 and 3.5).

16 The Department has underspent every year since 2010-11 against its capital spending limit approved by Parliament.

Each year, Parliament approves the amount which the Departmental group, including its arm's-length bodies, can spend on capital. This limit includes spending from both grant-in-aid and certain arm's-length bodies' own reserves. Between 2016-17 and 2018-19, the Department and its arm's-length bodies underspent against this limit by £196 million. The Department has limited flexibility to reduce underspends against this limit within each year. It has avoided further underspends by re-allocating its funds between some project budgets when underspends are predicted in advance. The Department re-allocated funds to the museums of £3 million between 2017-18 and 2018-19, and £42 million through its Maintenance Fund for 2019-20 to 2020-21 (paragraphs 3.3 and 3.4).

17 The Department has used different approaches to allocate funds between the museums since 2015. The Department allocates funding to museums at each funding round based on information provided in bids and the Department's knowledge about each museum. At the 2015 Spending Review, this resulted in eight museums receiving at least 80% of their bid and four receiving less than 50%. The Department distributed funds from its 2019 Maintenance Fund by prioritising projects addressing threats to life and at-risk collections, threat of closure, and deliverability. The museums received between 23% and 93% of the amounts for which they bid. The Department is deciding how to allocate the £27 million for critical maintenance works it received in the 2020 Budget (paragraphs 3.6 and 3.7).

18 Museums have prioritised their grant-in-aid funds on the most urgent repairs. The museums we interviewed had prioritised their capital funding on public-facing areas and issues posing the most risk to the collections and to the health and safety of staff and visitors. Some museums have been unable to repair and update staff facilities, some of which are now dilapidated. The museums told us working conditions have a direct impact on staff morale. Museums have had to make short-term repairs or delay essential maintenance work. This presents the risk that problems with the estate will become greater and more expensive to fix in the future (paragraphs 2.4, 2.5 and 3.8).

19 Uncertainty over future funding levels has restricted the ability of the museums to plan effectively. Work on estates takes time to plan and organise, and the Maintenance Fund allocations the Department made in 2019 must be spent by March 2021. Museums told us this timeframe caused difficulties in ensuring funds are spent efficiently and effectively. In common with other areas of the public sector estate, the postponement of the planned 2019 Spending Review has left museums uncertain about the capital funding they will receive after 2020-21 (paragraphs 1.12 and 3.9 to 3.11).