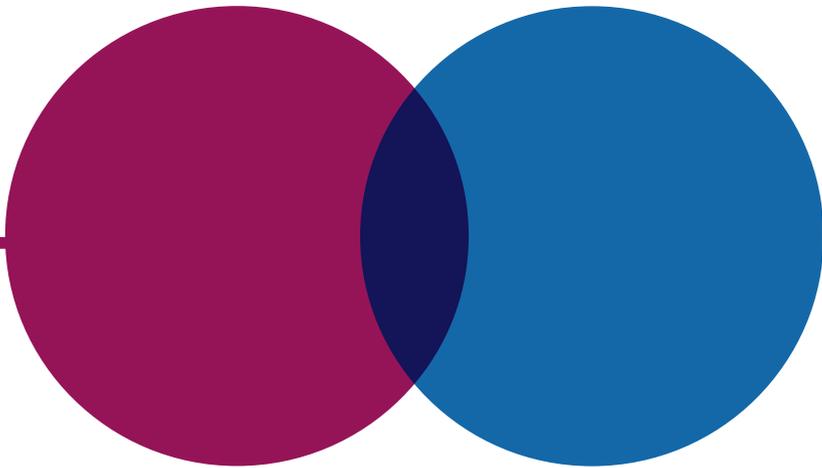




National Audit Office



REPORT

The financial resilience of DCMS-sponsored museums and galleries

Department for Culture, Media & Sport

SESSION 2024–2026

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National Audit Office

The financial resilience of DCMS-sponsored museums and galleries

Department for Culture, Media & Sport

Report by the Comptroller and Auditor General

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Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

27 February 2026

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Contents

Key facts 4

Summary 5

Part One

The finances of the museums and galleries since the pandemic 14

Part Two

The responses of the museums and galleries to the financial challenges faced since the pandemic 25

Part Three

The Department for Culture, Media & Sport's oversight of museums and galleries 33

Appendix One

Our audit approach 44

Appendix Two 50

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Key facts

£484mn

grant-in-aid provided by the Department for Culture, Media & Sport (DCMS) to its 15 sponsored museums and galleries (M&Gs) in 2024-25

42mn

total visitors to the 15 M&Gs in 2024-25, 13% down from the annual pre-pandemic average of 48 million

£563mn

total income self-generated by M&Gs in 2024-25, a 53% real terms increase since 2021-22 as M&Gs re-opened following the pandemic, and a return to around the same level that it had been before the pandemic

1 to 7

number of visitor sites each of the 15 M&Gs has

Over 6,800

number of permanent staff employed by the 15 M&Gs in 2024-25

16%

real-terms decrease in grant-in-aid paid by DCMS to the M&Gs from 2021-22 to 2024-25 as DCMS ended its emergency COVID-19 funding; grant-in-aid remained 12% higher than the pre-pandemic average

18%

real-terms increase in total expenditure by the M&Gs from 2021-22 to 2024-25 as M&Gs re-opened after the pandemic

£81.2 million

total unrestricted and undesignated reserves held by M&Gs by the end of 2024-25, a fall of 18% in real terms from a high at the end of 2022-23

Summary

1 The Department for Culture, Media & Sport (DCMS) sponsors and directly funds 15 museums and galleries (M&Gs) in England. Between 2019 and 2024, the M&Gs included seven of the top 10 most visited free visitor attractions in England. The M&Gs are nationally and internationally significant, contributing to the UK's influence overseas, through international loans from their collections, touring and promoting exhibitions internationally, and research projects. DCMS gave grant-in-aid of £484 million to these bodies in 2024-25. They also receive funding from other government sources, such as the National Lottery Heritage Fund and tax reliefs, and raise their own income from, for example, commercial activities and fundraising. In 2024-25, they employed over 6,800 permanent staff, received 42 million visitors, and had a total net asset value of almost £9 billion.

2 The M&Gs range greatly in terms of the number of staff employed, visitor numbers, sites and self-generated income. For example, the number of permanent staff in 2024-25 ranged from 42 (Museum of the Home) to over 1,000 (Natural History Museum). There are 43 visitor sites in total, ranging from one to seven sites per body. The visitor sites are mainly London-based, although some also have significant locations outside the capital, such as the Science Museum Group, which has museums in Bradford, Manchester, Shildon, Swindon and York. Their ability to raise their own income also varies depending on, for example, whether M&Gs' sites allow for paid exhibitions or hire of their premises.

3 The 15 M&Gs are arm's-length bodies (ALBs) of DCMS. This means that each has its own governance structure, Accounting Officer, trustees and legal bases, and each has primary responsibility for its day-to-day running and ongoing financial resilience. DCMS has overarching responsibility for the M&Gs, including setting policy, regulating their compliance with charity legislation, providing significant funding, and deciding how to intervene if M&Gs run into difficulty. As ALBs of DCMS, M&Gs are required to contribute to achieving DCMS's overarching objectives and priority outcomes, as set by the Secretary of State. DCMS also has ongoing priorities for the M&Gs to care for their collections and to provide free access to their permanent collections.

Scope and purpose of the report

4 This report reviews how well the 15 DCMS-sponsored M&Gs and DCMS have managed M&Gs' financial challenges after DCMS started to end its extra COVID-19 pandemic funding from its peak in 2021-22. We have made recommendations for DCMS to support improvements in its oversight of the sector, and recommendations for M&Gs on how they manage future financial challenges. We have also identified good practice from M&Gs' approaches that may be useful to other museums and galleries and other sectors.

5 We have drawn on previous National Audit Office (NAO) work on financial resilience in different sectors to make our assessment and draw our conclusions. We define financial resilience as the ability to prevent, adapt and respond to financial crises or disruptions, and to absorb financial shocks without causing widescale disruption to long-term financial position, service delivery and achievement of objectives. Our assessment of DCMS compares it with good practice, drawn from previous NAO work, for departments overseeing the financial resilience of whole sectors. See Appendix One for our methodology.

6 The report covers:

- the finances of the 15 DCMS-sponsored M&Gs since the pandemic (Part One);
- the responses of the M&Gs to the financial challenges faced since the pandemic (Part Two); and
- DCMS's oversight of M&Gs' financial resilience and achievement of objectives (Part Three).

Key findings

The finances of M&Gs since the pandemic

7 M&Gs' costs have increased in real terms since re-opening after the pandemic at the same time as DCMS has ended its emergency pandemic funding.

Total expenditure by the 15 M&Gs has increased by 18% in real terms from 2021-22 to 2024-25, although it remained slightly lower than the annual pre-pandemic average. The increase since 2021-22 has been driven, in part, by higher staff costs following increases in staff pay and staff numbers after lay-offs during the pandemic. M&Gs have also experienced increased operating costs, such as for maintenance and energy. Since 2021-22, DCMS has ended the additional time-limited emergency funding it gave to protect M&Gs when they had to close to visitors for long periods during the pandemic. As a result, total grant-in-aid has fallen 16% in real terms from 2021-22 to 2024-25, to £484 million, although this was still 12% higher than the annual pre-pandemic average. The composition of total grant-in-aid has also changed. Although DCMS increased its capital funding by more than a quarter from 2021-22 to 2024-25, its revenue grant-in-aid, which helps fund M&Gs' day-to-day operations, has fallen by 7% in real terms over this period. As a result, in 2024-25 revenue grant-in-aid was 11% lower in real terms than the pre-pandemic average (paragraphs 1.7 to 1.9).

8 Since 2021-22, there have been fewer visitors in total to museums and galleries than before the pandemic.

Although total visitor numbers have recovered significantly since the pandemic, in 2024-25 they were 13% below the annual pre-pandemic average, at 42 million compared with 48 million. However, six M&Gs, all based solely or mainly in London, had more visitors in 2024-25 than before the pandemic. Overseas visitors have been slow to return, with 19.4 million visiting in 2024-25 compared with an average of 22.6 million before the pandemic. Visitor behaviour has also changed, with visitors being increasingly selective about their leisure activities and their discretionary spend, and with strong competition for leisure time (paragraphs 1.11 to 1.13).

9 There are indications that M&Gs' overall financial position had worsened by early 2025, with some M&Gs requiring additional short-term funding from DCMS to continue operating. M&Gs' unrestricted and undesignated reserves are the funds they put aside in previous years to support their day-to-day operations. After falling significantly in 2020-21 due to the pandemic, these reserves recovered to a high in 2022-23 after the emergency pandemic funding provided by DCMS. However, they subsequently fell by 18% in real terms to £81.2 million at the end of 2024-25 – still higher than pre-pandemic levels. By the end of 2024-25, reserves for two of the 15 M&Gs were below agreed policy levels and three were at the minimum levels. DCMS provided additional year-end funding to M&Gs in financial difficulties totalling £20.2 million in 2023-24 and 2024-25. Over half of the M&Gs (53%) reported to us that they were facing a worse financial position in August 2025 than three years ago, while five (33%) said they were in a better position. All but one of these five had higher visitor numbers in 2024-25 than before the pandemic (paragraphs 1.14 and 1.16 to 1.18).

10 From 2025-26, DCMS has taken steps to provide M&Gs with additional short- and longer-term financial support. DCMS increased funding to M&Gs for 2025-26 by £31 million. This included £24.8 million to provide all M&Gs in February 2025 with a minimum 5% increase in their funding, with additional support for six M&Gs in the most financial difficulty. Following the 2025 Spending Review, DCMS informed M&Gs of their funding for 2026-27 in December 2025, with each M&G set to receive the same allocations as for the prior year, with a 2% uplift for inflation worth £6.9 million. It allocated the £6.9 million in advance to them in December 2025. DCMS intends to confirm indicative allocations for 2027-28 and 2028-29 in early 2026. In recent years prior to this, DCMS has only been able to provide one-year settlements, in line with wider government Spending Review cycles. DCMS expects that, as a result of providing indicative allocations for future years, M&Gs should be better able to make decisions which serve their or DCMS's own long-term interests (paragraphs 1.20, 1.21, 3.4 and 3.5).

11 DCMS has provided additional capital funding to M&Gs but there remains a significant backlog of capital works. DCMS has provided M&Gs with extra capital funding of £292 million to undertake outstanding maintenance and other capital works through the Public Bodies Infrastructure Fund from 2023-24 to 2025-26 inclusive. DCMS estimates remaining backlogs of £396 million over 2026-27 and 2027-28, and £394 million over 2028-29 and 2029-30. To help address this backlog, in January 2026 DCMS committed an additional £480 million to the Public Bodies Infrastructure Fund between 2026-27 and 2029-30 (paragraphs 1.9 and 1.10).

M&Gs' responses to the financial challenges faced

12 Most M&Gs have increased self-generated income and drawn on their reserves to cover their increasing costs.

M&Gs increased their total self-generated income (excluding donated assets) by 53% in real terms from 2021-22 to 2024-25. This totalled £563 million as they fully re-opened following the pandemic and visitors returned, with 13 delivering increases ranging from 0.2% to 139%. The £563 million in 2024-25 represents a return to around the same level in real terms that it had been before the pandemic, and has been achieved despite the overall lower visitor numbers and changes in visitor behaviour. Over half of M&Gs (53%) reported to us that they relied on their reserves to address financial challenges, with the same proportion expecting low levels of unrestricted reserves to be a main financial challenge in the coming years (paragraphs 2.2 and 2.8).

13 M&Gs have adopted commercially oriented strategies to increase their income and have sought to contain cost increases.

- **Income:** There is no single revenue source which has driven M&Gs' increased self-generated income. M&Gs have used diverse methods to increase income: venue hire; visitor donations and membership schemes; touring collections overseas; licensing arrangements with commercial bodies; paid-for visitor experiences; and hospitality and retail. The ability of an M&G to generate income depends on its location, the nature of the collection and its facilities. For example, some M&Gs lack the facilities to hold paying exhibitions, while some can, for historical reasons, charge entrance fees to sites or parts of a site (paragraph 2.3).
- **Costs:** One-third of M&Gs told us they have responded to financial challenges by reducing staff costs, for example by making staff redundant, not filling vacancies and having fewer staff on duty. Some M&Gs have adopted innovative approaches, such as using technology or retraining staff in both security and museum guide duties. A third of M&Gs have reduced operating costs by renegotiating service contracts and sharing services such as security, cleaning, and estate maintenance (paragraphs 2.6 and 2.7).

14 M&Gs' future reliance for financial resilience on self-generated income and cost containment is subject to risks that they must manage.

Self-generated income sources are riskier and more susceptible to external factors, such as tourism costs like travel and accommodation, and exchange rates. 'Blockbuster' exhibition income is volatile and high risk, with membership revenue also becoming unstable due to high membership churn. There is also a risk that cost containment measures impact on M&Gs' ability to preserve their collections and maintain free access: one-third of M&Gs told us they were concerned about their ability to deliver these core objectives over the next three years, with 20% looking at their service offer to control costs (paragraphs 2.4 and 2.10).

15 There are indications that some M&Gs may not have the financial management capacity to manage future risks. Some M&Gs have small finance teams, while many have experienced significant churn in their senior financial leadership in recent years. Some have also struggled to produce their annual accounts for audit on a timely basis. In some cases, DCMS has provided additional support to M&G finance teams. M&Gs' boards play an important role in ensuring M&Gs' financial resilience. As at 9 October 2025, there were 34 vacancies across M&Gs' boards, representing a total vacancy rate of 15%, although rates varied, with four M&Gs having vacancy rates of 25% or above. The average length of time to make appointments in 2024-25 was 219 days, more than the 90 days set down by the government. According to DCMS, the delays in 2024-25 were, in part, due to the July 2024 election and subsequent change of government, and membership of all M&G boards were at a sufficient level during the year for them to be quorate and so able to carry out their functions. However, delays to appointments can mean that M&Gs' board-level capability gaps are not addressed as quickly as required (paragraphs 3.16, 3.18 and 3.19).

DCMS's oversight of M&Gs

16 DCMS has improved its approach to providing M&Gs' funding in 2025-26 by taking account of changes in their financial position, and plans to repeat this process periodically in the future. Prior to 2025-26, when calculating the initial allocations for the coming year, DCMS applied an equal percentage uplift to M&Gs' existing baseline allocations to allow for inflation. It then used year-end top-ups to help those it discovered to be in financial trouble. In contrast, DCMS took a more considered approach to its initial allocations for 2025-26. It reviewed measures of M&Gs' circumstances, such as recent financial performance, visitor numbers and floor space, and gave higher increases to the M&Gs most in need. While 80% of M&Gs, according to our survey, agreed or strongly agreed that DCMS provides clear information on funding processes and allocations to its M&Gs, just over half of the M&Gs also told us that they were unclear about the basis on which their grant-in-aid is allocated. For 2026-27, DCMS has reverted to increasing all M&Gs' allocations by an equal percentage to allow for inflation. DCMS told us that it plans to periodically take a more considered approach, such as for 2025-26, to take account of changes in M&Gs' financial position (paragraphs 3.5 to 3.7).

17 DCMS is reviewing how it tracks M&Gs' performance because there are some objectives for which it does not have performance indicators. Since at least 2016, DCMS has set out clear, specific priorities that it expects M&Gs to deliver. These are mainly around providing free entry to their permanent collections, and protecting these collections and their front-line services. The M&Gs are also expected to support the strategic aims and priority outcomes of DCMS and the wider government, and to deliver their own charitable objectives in line with relevant legislation. DCMS has had a set of long-standing key performance indicators (KPIs) in place to monitor the performance of M&Gs. However, they do not cover qualitative aspects of M&Gs' service delivery, such as opening times, gallery closures or condition of collections, which could provide an early indicator of deterioration in their resilience, and some KPIs are out of date. DCMS has chosen not to set targets against which to measure M&Gs' performance. As at January 2026, DCMS had also not set out how it intends to assess M&Gs' delivery of its priority outcomes, but it plans to review its KPIs for their coherence, detail and robustness in 2026 (paragraphs 3.8 to 3.11).

18 DCMS is working to improve its oversight arrangements so that it has a clearer measure of each M&G's financial resilience. The financial performance of each M&G is among the topics DCMS discusses at its quarterly partnership meetings with these, with M&Gs providing DCMS with documentation to support these discussions. DCMS has also introduced new regular internal reports on the financial performance of its ALBs in early 2024. However, the focus of these reports is the in-year spending of these bodies and the accuracy of their financial forecasting, rather than their financial resilience. DCMS only receives updates on the level of M&Gs' reserves, a key metric of financial resilience, at the end of the financial year. Also, while DCMS discusses senior capacity and capability with M&Gs, it does not collect data to assess M&Gs' financial management capabilities. It therefore risks being unsighted on M&Gs' capacity to manage financial challenges. DCMS has been developing a traffic light system to rate the financial performance of its ALBs, including M&Gs, which is likely to cover their financial resilience, and a Strategic Indicator Tool covering both financial and non-financial performance (paragraphs 3.13 to 3.15, 3.17, 3.21 and 3.23).

19 The majority of M&Gs agree that DCMS supports efforts to share good practice, but they want more support from DCMS where they face resilience issues they find difficult to tackle on their own. M&Gs face common resilience issues and opportunities, such as the costs of storing increasing collections, the challenge of digital archiving collections, and an increasing threat from cyber-attacks. Although the majority of M&Gs agree that DCMS supports efforts to share good practice between themselves, some consider DCMS could do more to help, through its convening role. This might include, for example, sharing the information it receives from all 15 on costs, where a lack of consistent data hinders comparison between M&Gs, or by providing seed funding to individual M&Gs to build skills and capability that could then be shared more widely (paragraphs 1.13 and 3.27 to 3.30).

Conclusion

20 DCMS and the M&Gs have worked in partnership to oversee M&Gs' continued operations as government funding reduced from the exceptional amounts provided during the pandemic. This has required DCMS to provide additional funding to some M&Gs that it identified faced the greatest financial risks. M&Gs have managed increasing costs and found ways to increase self-generated income through a range of innovative and commercially minded strategies, despite lower overall visitor numbers than before the pandemic.

21 M&Gs are now more reliant on self-generated sources of income that are vulnerable to wider economic factors, and they are using cost-containment measures that can only go so far before they risk the achievement of objectives. M&Gs will need to navigate these challenges through good financial management and planning, with DCMS having overarching responsibility for ensuring whether they can care for and provide free access to their collections. Therefore, DCMS must ensure that it has structures in place to identify early warning signs, should M&Gs start struggling to manage their financial risks, so it can intervene early – potentially before additional funding is required. Its work to address gaps in its oversight and monitoring of M&Gs' financial resilience is therefore important to ensuring it can fulfil its oversight role most effectively. It also has an opportunity to do more in its convening role to support M&Gs in dealing with common challenges, such as the threat from cyber-attacks.

Recommendations

22 DCMS should:

- a** as part of its review of KPIs, ensure that it is able to measure M&Gs' progress against each of its priority outcomes and that the measures provide a balance of cost, quality and delivery – it should also use these KPIs to enable a clearer view of whether M&Gs are performing in line with its expectations;
- b** identify a set of indicators of M&Gs' financial resilience, which it will monitor on a regular basis to identify potential early warning signs of financial difficulty, with accompanying plans for how it will use this information to prioritise its oversight and engagement with M&Gs that are most at risk – its indicators should include a mix of financial measures, such as cash and reserve levels, and non-financial indicators, such as the timeliness of production of annual accounts for audit and leadership turnover in M&Gs' finance teams;
- c** communicate to the M&Gs the factors it considers when deciding their annual funding allocations – it should also encourage M&Gs to share information about their operating costs to enable comparison and benchmarking of key cost data between the M&Gs; and

- d** communicate a plan to the M&Gs setting out how it will support sharing of good practice and development of capacity to address cross-cutting challenges that are affecting M&Gs' financial resilience; this could include identifying, and potentially funding, one museum or gallery to pilot shareable solutions that can be disseminated across the sector – current cross-cutting challenges include cyber threats, storage, digitisation of collections, insurance and shared services.

23 Museums and galleries should:

- a** take the opportunity provided by the current multi-year Spending Review period to establish financial plans that reflect the greater certainty over government funding provided and factor in uncertainty about other income streams due to wider economic factors – these should include plans for managing a range of scenarios for income generation;
- b** agree collectively how they can capture data on key costs, such as staff, insurance, energy and security, on a consistent basis in order to facilitate more insightful comparisons between M&Gs; and
- c** review whether their financial management capability is sufficient to manage future risks and seek to address any gaps they identify.

Part One

The finances of the museums and galleries since the pandemic

Background

1.1 The Department for Culture, Media & Sport (DCMS) sponsors and directly funds 15 museums and galleries (M&Gs) in England. DCMS has ongoing priorities for the M&Gs to care for their collections and to provide free access to their permanent collections. Between 2019 and 2024, the M&Gs included seven of the top 10 most visited free visitor attractions in England. They are nationally and internationally significant, contributing to the UK's influence overseas through, for example, international loans from their collections, touring exhibitions, and research projects. In 2024-25, they employed over 6,800 permanent staff (supported by volunteers), received 42 million visitors, and had a total net asset value of almost £9 billion at the end of the year.

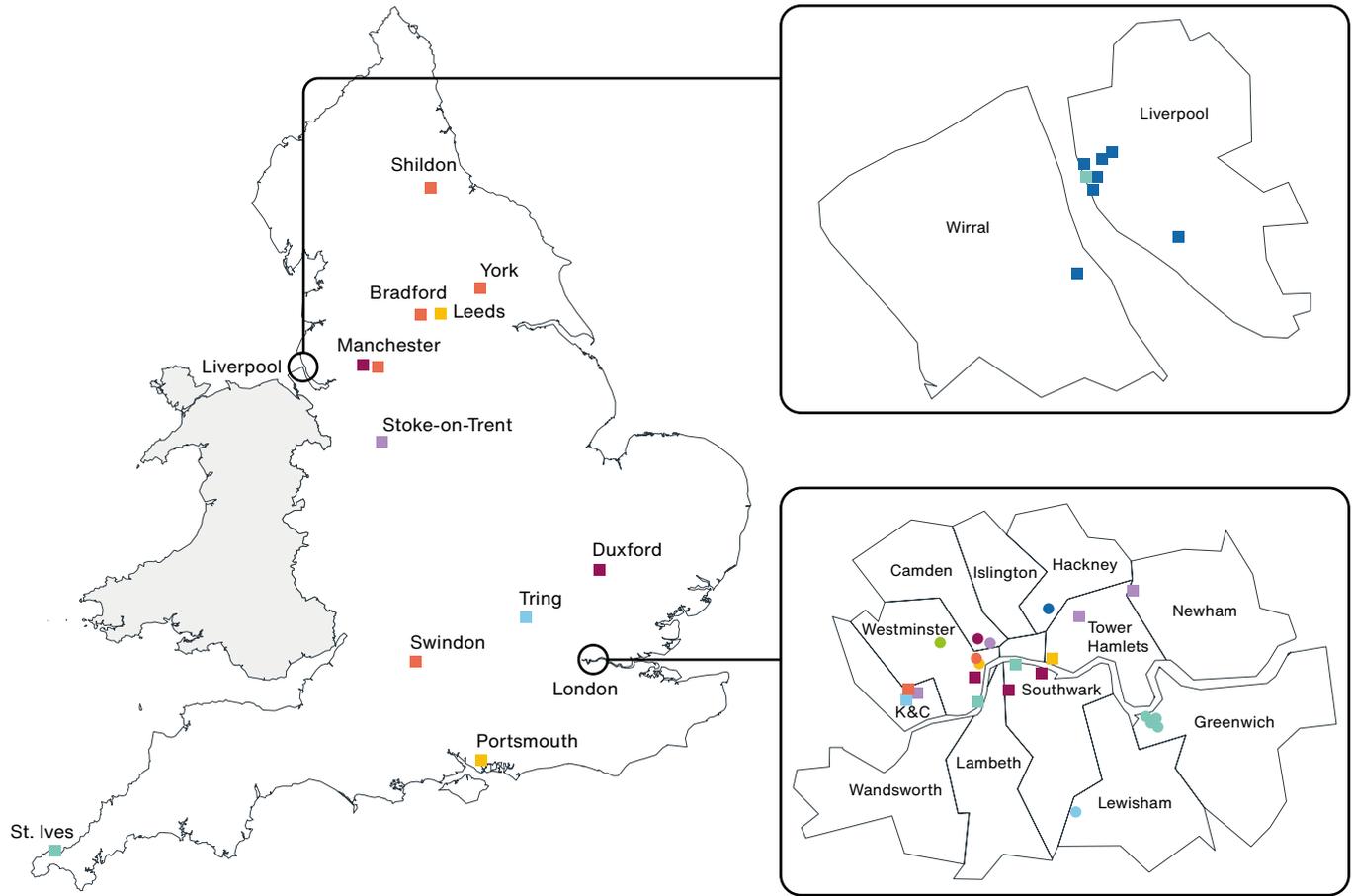
1.2 DCMS gave the 15 M&Gs grant-in-aid worth £484 million in 2024-25. The M&Gs also receive public funding from other government sources, such as the National Lottery Heritage Fund and tax reliefs, and raise their own income from, for example, commercial activities and fundraising.

1.3 The M&Gs range greatly in terms of the number of staff employed, visitor numbers, sites, and income generated. For example, the number of permanent staff in 2024-25 ranged from 42 (Museum of the Home) to over 1,000 (Natural History Museum). Their visitor sites, of which there are 43 in total, vary from one to seven per body, and are mainly London-based, although some also have significant locations outside the capital, such as the Science Museum Group, which has museums in Bradford, Manchester, Shildon, Swindon and York (**Figure 1**). Only National Museums Liverpool is located entirely outside London. See Appendix Two for key information about the 15 M&Gs.

Figure 1

Location of museums and galleries (M&Gs) sponsored by the Department for Culture, Media & Sport (DCMS) in England

Visitor sites of DCMS-sponsored M&Gs are located across England, with 22 sites in London



DCMS-sponsored museums and galleries

- | | | |
|------------------------------|------------------------------------|-----------------------------|
| ■ Imperial War Museum | ■ Tate Gallery Group | ● National Gallery |
| ■ Natural History Museum | ■ Victoria and Albert Museum (V&A) | ● National Portrait Gallery |
| ■ National Museums Liverpool | ● British Museum | ● Royal Museums Greenwich |
| ■ Royal Armouries | ● Horniman Museum | ● Sir John Soane's Museum |
| ■ Science Museum Group | ● Museum of the Home | ● The Wallace Collection |

Notes

- 1 M&Gs with similar site locations have been manually adjusted to reduce overlap and therefore site locations are approximate.
- 2 M&Gs solely based in London are represented with a circle.
- 3 M&Gs with at least one site outside London are represented with a square. This includes M&Gs solely based outside London.
- 4 Inset maps show some of the central Local Authority Districts (LADs) of the cities of Liverpool and London, they have been labelled with their LAD name.
- 5 The LAD Kensington and Chelsea has been abbreviated to K&C.

Source: National Audit Office analysis of Department for Culture, Media & Sport-sponsored museums' and galleries' annual reports and accounts. Map boundaries from the Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2025

1.4 The 15 M&Gs are arm’s-length bodies (ALBs) of DCMS. As such, each has its own governance structures, Accounting Officer, trustees and legal bases and each has primary responsibility for its day-to-day running and ongoing financial resilience. As charities, the M&Gs also have to comply with relevant charities legislation. Since 2013, they have been ‘Freedom Bodies’, having certain operational and financial freedoms granted by HM Treasury in recognition of their distinct public-facing role and mix of public and commercial funding. This status enables them to generate income in addition to that provided by the taxpayer (**Figure 2**).

Figure 2

Sources of income for Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs)

DCMS-sponsored M&Gs receive public funding from the government and supplement this income with self-generated funds

Income type	Description	Example
Public funding		
Grant-in-aid	Grant-in-aid is provided by DCMS to its 15 sponsored M&Gs and comprises revenue and capital funds.	Capital grant-in-aid, which is restricted for specific capital purposes and projects.
Other government funding	Grants provided to M&Gs by other government bodies.	Grants from UK Research and Innovation (UKRI).
Self-generated income		
Donations and legacies (excluding grant-in-aid)	Income donated to M&Gs, including through visitor donations, grants, gifts in kind, and legacies.	Grants made by charitable foundations.
Charitable activities	Income generated from M&Gs’ charitable purposes, including public access and events.	Exhibition admission fees.
Other trading activities	Income generated from activities outside M&Gs’ charitable purposes, including commercial activities carried out by the trading subsidiary.	Onsite and online retail.
Investments	Income generated from M&Gs’ investments, including interest and dividends.	Fixed interest investments.
Other	Income not classified under the income categories outlined above.	Reimbursement of costs.

Source: National Audit Office analysis of Department for Culture, Media & Sport-sponsored museums’ and galleries’ annual reports and accounts

1.5 DCMS has overarching responsibility for the M&Gs, including setting policy, regulating their compliance with charity legislation, providing significant funding and deciding how to intervene if M&Gs run into difficulty. It also ensures M&Gs support government policies. The relative roles and responsibilities of DCMS and M&Gs are set out in new framework documents that DCMS has been agreeing with M&Gs since 2025.

M&Gs' financial challenges

1.6 The M&Gs have faced a number of financial challenges since the end of the pandemic, including increases in costs, changes in the amount and composition of grant-in-aid funding from DCMS, lower visitor numbers, and changes in visitor behaviour. This section sets out key trends between 2021-22 and 2024-25, the latest year for which data are available in these areas.

Costs

1.7 M&Gs have faced increasing costs since re-opening after the pandemic. M&Gs' total expenditure increased in real terms by 18% from 2021-22 to 2024-25, with increases to both staff costs and wider operating costs. Despite this increase, M&Gs' total expenditure in 2024-25 was 1% lower than the annual pre-pandemic average.

- Staff costs have increased 19% in real terms from 2021-22 to 2024-25, and were 10% higher in 2024-25 than the pre-pandemic average.¹ Fourteen M&Gs reported to us that increased staff costs have been their main financial challenge in recent years. The increases are mainly due to higher pay, such as Living Wage increases, and increased staffing levels after pandemic-related lay-offs. Permanent staff numbers fell from 6,992 in 2019-20 to a low of 5,887 in 2020-21 before increasing to 6,804 in 2024-25.
- Some 11 out of the 15 M&Gs reported in our survey that they face higher operating costs. All 11 reported that they had faced higher maintenance costs, 10 increased energy costs, six higher costs for professional services – such as legal advice – and four higher insurance costs. M&Gs present cost data differently in their financial statements, so publicly available cost data are inconsistent. Therefore, we have been unable to quantify trends and variations between the M&Gs in these cost areas.

¹ Staff costs exclude redundancy, restructuring and early retirement costs.

Grant-in-aid funding

1.8 Grant-in-aid funding from DCMS forms a significant proportion of M&Gs' total income, for example an average of 46% in 2024-25, although the proportion varies substantially between individual M&Gs, reflecting differences in their location, size and operating models. DCMS has reduced its grant-in-aid for the M&Gs following a peak during the pandemic, when it provided additional time-limited funding to protect M&Gs when they had to close to visitors for long periods (**Figure 3**). After the peak in 2021-22, DCMS ended its emergency COVID-19 support with grant-in-aid consequently falling 16% in real terms from 2021-22 to 2024-25, to £484 million, although this was 12% higher than the annual pre-pandemic average of £432 million.

1.9 DCMS has also changed the composition of its grant-in-aid funding, reducing its funding for M&Gs' day-to-day running costs (Figure 3). It has increased the grant-in-aid designated for capital projects by 28% in real terms from 2021-22 to 2024-25. It allocated M&Gs a total of £184 million from the Public Bodies Infrastructure Fund in 2023-24 and 2024-25, with a further £108 million available to M&Gs from the Fund for 2025-26.² It also provided additional funding for two large development projects, British Museum Energy Centre³ and Natural History Museum Unlocked.⁴ In contrast, DCMS reduced the grant-in-aid which helps fund the costs of the M&Gs' day-to-day operations, known as revenue grant-in-aid, by 7% in real terms from 2021-22 to 2024-25, to £330 million. As a result, revenue grant-in-aid is 11% lower in real terms than the pre-pandemic average.

1.10 Despite the increases in capital funding, there remains a significant backlog of works among the M&Gs. DCMS's provision of extra capital funding has enabled M&Gs to undertake outstanding maintenance and other capital works without needing to draw as much on their own resources, such as their reserves. Such works can also result in lower running costs, as there is less need for reactive maintenance, and in higher income where the works include new café and shop facilities. However, a significant capital backlog remains among the M&Gs, with DCMS estimating outstanding works of £396 million over 2026-27 and 2027-28, and £394 million over 2028-29 and 2029-30. To help address this backlog, in January 2026, DCMS committed an additional £480 million to the Public Bodies Infrastructure Fund between 2026-27 and 2029-30.

2 The Public Bodies Infrastructure Fund is open to DCMS-sponsored cultural bodies – including the 15 M&Gs, the British Library and the British Film Institute – to bid for capital funding to tackle urgent maintenance backlogs and essential estate works on historic buildings, thus ensuring access to heritage and cultural collections for the public.

3 The Energy Centre Programme aims to introduce a coherent, site-wide approach to the British Museum's energy infrastructure, powered by a new state-of-the-art energy transition hub. It is expected to improve operating efficiency, reduce the maintenance burden, and contribute to net zero-carbon, at a whole life cost of £194 million.

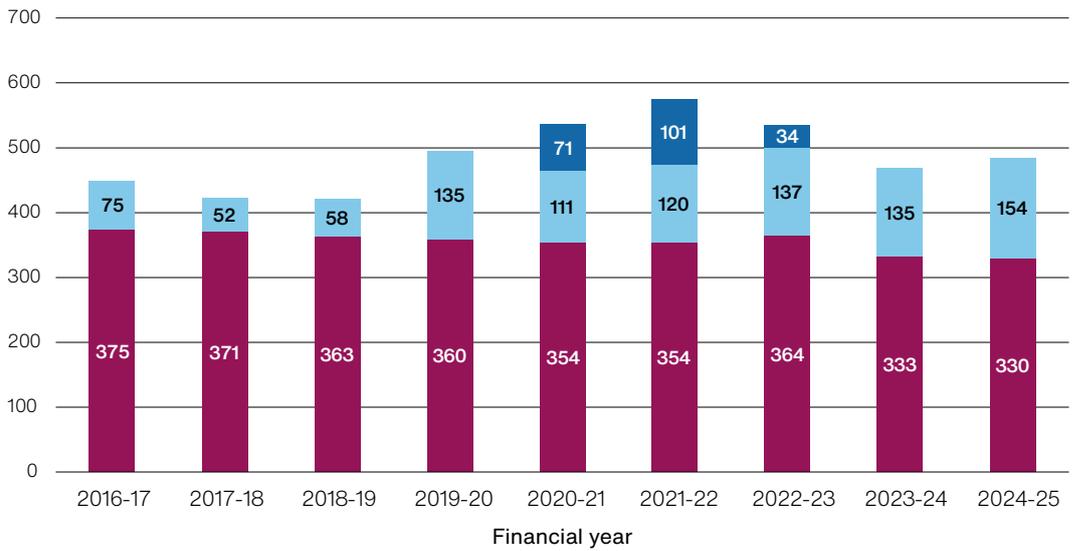
4 The Natural History Museum is building a new science and research centre at Thames Valley Science Park, which includes relocating 38 million specimens, of which 28 million will be housed in the new centre. The government is providing funding of £201 million.

Figure 3

Total revenue and capital grant-in-aid provided by the Department for Culture, Media & Sport (DCMS) to its sponsored museums and galleries (M&Gs), 2016-17 to 2024-25

Revenue grant-in-aid is lower in 2024-25 than 2021-22, while capital grant-in-aid is higher

Grant-in-aid (£mn)



- Revenue grant-in-aid
- Capital grant-in-aid
- Revenue COVID-19 support

Notes

- 1 Revenue grant-in-aid is available for M&Gs' day-to-day operations.
- 2 Capital grant-in-aid is available to M&Gs for capital purposes including specific capital projects. These data were taken from published and unpublished DCMS-sponsored M&Gs' annual reports and accounts.
- 3 M&Gs received revenue COVID-19 support from DCMS from 2020-21 to 2022-23. These data were provided by DCMS.
- 4 For the years 2020-21 to 2022-23, revenue grant-in-aid has been calculated by removing revenue COVID-19 support and capital grant-in-aid from DCMS's total grant-in-aid figure.
- 5 For the years 2016-17 to 2019-20 and 2023-24 to 2024-25, revenue grant-in-aid has been taken from M&Gs' annual reports and accounts. Therefore, total grant-in-aid reflects the figures in M&Gs' annual reports and accounts.
- 6 All values are in real terms, adjusted using GDP index data as at October 2025.

Source: National Audit Office analysis of Department for Culture, Media & Sport- (DCMS-) sponsored museums' and galleries' annual reports and accounts and DCMS documents

Visitors

1.11 M&Gs have seen lower total visitor numbers since the pandemic.

Although visitor numbers have recovered significantly since the pandemic, in 2024-25 they remained 13% below pre-pandemic levels; 42 million compared with the annual pre-pandemic average of 48 million (**Figure 4**). In 2024-25, visitor numbers for nine of the 15 M&Gs (60%) were lower than they had been in 2018-19, the last full year before lockdowns began in March 2020.⁵ In Europe, M&Gs also had not returned to pre-pandemic visitor numbers in 2024.

1.12 Visitor numbers are lower largely because overseas visitors have been slow to return, with 19.4 million visiting in 2024-25, compared with the annual pre-pandemic average of 22.6 million. Seven of the nine M&Gs with total visitor numbers lower in 2024-25 than in 2018-19 experienced falls of between 15% and 73% in overseas visitor numbers over the period. In contrast, the six with higher total visitor numbers experienced either an increase in their overseas visitor numbers or a fall below 7% and were based either solely or mainly in London.

1.13 Visitor behaviour has also changed. Visitors are increasingly selective about their leisure activities and their discretionary spend, with strong competition for their leisure time between M&Gs and from other attractions, such as immersive experiences, theatre and historical sites. Even among international audiences, who tend to spend more at M&Gs than domestic visitors, inflationary pressures have resulted in lower real-terms spend in London, and fewer first-time visitors mean M&Gs must attract returning tourists. As at January 2026, DCMS was commissioning research into visitor trends after the COVID-19 pandemic to improve its understanding in this evolving area.

M&Gs' financial position

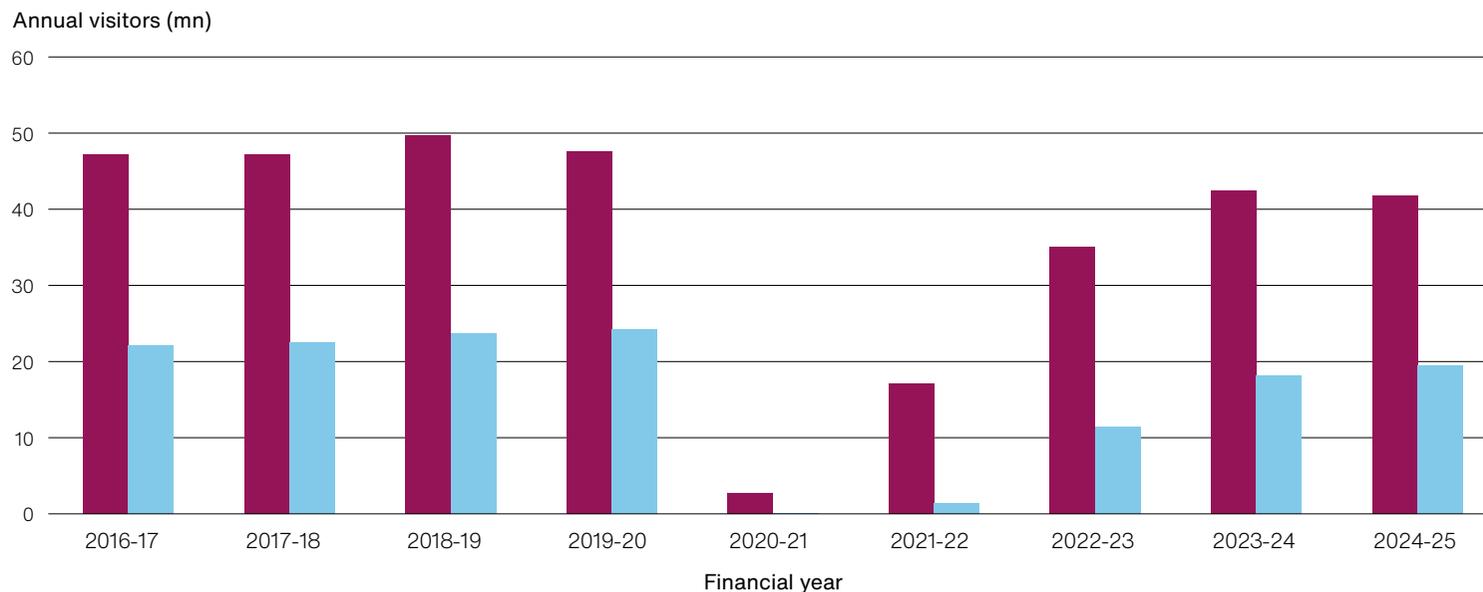
1.14 There are indications that the overall financial position of M&Gs had worsened by early 2025, with some facing difficulties. The M&Gs have identified financial sustainability issues as key risks in their annual accounts for many years. Our survey of the 15 M&Gs found that over half of them (53%) reported being in a worse or considerably worse financial position in August 2025 than three years ago (2022-23). However, five (33%) told us they were now in a better position. All but one of these had higher visitor numbers in 2024-25 than before the pandemic (paragraph 1.11).

⁵ The six with higher visitors are London-based and largely single site: British Museum, Museum of the Home (which was closed from 2018 to 2021), National Portrait Gallery, Natural History Museum, Sir John Soane's Museum, and The Wallace Collection.

Figure 4

Visitors to Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries, 2016-17 to 2024-25

Total visitor numbers have increased since 2020-21 but remain below pre-pandemic levels



■ Total visitors	47,190,838	47,130,038	49,654,484	47,536,172	2,624,445	17,133,284	35,030,169	42,448,180	41,783,390
■ Overseas visitors	22,135,927	22,411,081	23,325,584	24,219,571	54,361	1,385,321	11,461,396	18,093,150	19,396,202

Notes

- 1 The total number of visitors each financial year includes total overseas visitors.
- 2 Data for total visitors and overseas visitors for 2016-17 to 2023-24 are taken from DCMS-sponsored museums' and galleries' annual performance indicators.
- 3 Data for total visitors for 2024-25 are taken from DCMS monthly visits data.
- 4 Data for overseas visitors for 2024-25 are taken from published and unpublished DCMS-sponsored museums' and galleries' annual reports and accounts.
- 5 Annual average pre-pandemic levels of visitors is the average of visitors in years 2016-17, 2017-18 and 2018-19. The annual pre-pandemic average of total visitors was 48 million. For overseas visitors it was 22.6 million.

Source: National Audit Office analysis of Department for Culture, Media & Sport- (DCMS-) sponsored museums' and galleries' annual performance indicators, DCMS-sponsored museums' and galleries' annual reports and accounts data and DCMS monthly visits data

1.15 The M&Gs’ surpluses have also varied. M&Gs’ total annual surpluses had recovered since the pandemic after the emergency funding provided by DCMS from 2020-21 to 2022-23 (Figure 3), but have fallen from a recent peak of £158 million in 2021-22 to £120 million in 2024-25, a decrease of 24% in real terms (Figure 5). Within the 2024-25 total, 10 M&Gs reported a surplus, and five a deficit.

Figure 5

Total surpluses and reserves of Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs), 2016-17 to 2024-25

M&Gs’ total surpluses and reserves have varied over time



● Total surplus (£mn)	196.5	-24.9	1.2	41.5	97.6	157.8	107.0	123.0	119.9
● Total reserves (£mn)	77.5	69.8	82.7	80.8	52.5	95.6	99.2	88.1	81.2

Notes

- 1 Surplus figures take account of M&Gs’ unrestricted and restricted income and expenditure but exclude the total value of donated assets.
- 2 Reserves figures are for M&Gs’ unrestricted and undesignated reserves only. M&Gs use surpluses at year-end to top-up the level of their reserves, which include, but are not limited to, this category of reserves.
- 3 All values are in real terms, adjusted using GDP index data as at October 2025.

Source: National Audit Office analysis of Department for Culture Media & Sport-sponsored museums’ and galleries’ annual reports and accounts

1.16 Key reserves held by M&Gs have fallen in the past two years. M&Gs are required by charity legislation to agree a policy regarding the acceptable levels for their unrestricted and undesignated reserves in order to build their financial resilience against shortfalls and underpin cashflow and budgetary risks.⁶ In setting these levels, M&Gs follow Charity Commission guidance, which advises against holding excessive unrestricted reserves in order to ensure funds are actively used to deliver charitable purposes. After falling significantly in 2020-21 due to the pandemic, M&Gs' total unrestricted and undesignated reserves recovered to a high in 2022-23 (Figure 5) after the emergency COVID-19 funding provided by DCMS from 2020-21 to 2022-23. They subsequently fell by 18% in real terms to £81.2 million at the end of 2024-25, although this was still higher than pre-pandemic levels. By the end of 2024-25, reserves for two of the 15 M&Gs were below agreed policy levels, and three were at the minimum levels.

Additional DCMS support

DCMS support, 2023-2025

1.17 The financial challenges for some M&Gs have resulted in DCMS needing to provide additional support. In recent years, for example, DCMS has provided some M&Gs with reassurances that it would continue to provide financial support to ensure that they remain a going concern, and has, on occasion, revised its payment schedule for grant-in-aid to help with short-term liquidity issues.

1.18 DCMS also provided additional short-term funding totalling £20.2 million to M&Gs at year-end in 2023-24 and 2024-25, funded from underspends elsewhere in its budget for these years.

- In March 2024, it gave additional one-off revenue grant-in-aid for 2023-24 of £5.9 million to six M&Gs in financial difficulties, representing an increase of between 3% and 13% for each.
- In March 2025, it gave additional revenue grant-in-aid for 2024-25 of £14.3 million, consisting of one-off funding of £3.2 million to two M&Gs in financial difficulties and the allocation in advance of 2025-26 funding of £11.1 million to nine M&Gs. For the M&Gs concerned, this extra funding represented an increase of between 1.5% and 15% for each.⁷

In return for the extra funding, and after working closely with the bodies involved to understand their financial position, DCMS required the M&Gs to take steps to reduce their costs to help improve their financial position.

6 Unrestricted and undesignated reserves are funds which are freely available to an M&G to spend on its charitable purposes including supporting its day-to-day operations. These funds can also be earmarked for particular invest-to-save or capital projects, at which point they become part of the M&G's designated reserves. M&Gs also have restricted reserves which can only be legally used for specified purposes.

7 The percentage ranges in 2023-24 and 2024-25 exclude the National Portrait Gallery. DCMS allocated higher one-off increases to the National Portrait Gallery in 2023-24 and 2024-25 as the gallery's baseline funding was insufficient to cover its costs following its re-opening in June 2023 – this was after it had been closed for three years to allow for a major redevelopment.

Grant-in-aid, 2025-26 onwards

1.19 Following reports of significant financial stresses across several M&Gs, in early 2024 DCMS commissioned an analysis to help it understand M&Gs' financial position, given the financial challenges they faced, and to investigate their financial resilience. The analysis highlighted an increasing gap between income and expenditure across DCMS-sponsored M&Gs over recent years, with many having depleted, or forecast to deplete, their reserves to a critical level. DCMS used these findings to inform its submission to the 2025 Spending Review. As a result, DCMS was successful in securing extra funding for M&Gs for 2025-26.

1.20 In February 2025, DCMS used this extra funding to provide additional revenue grant-in-aid to M&Gs of £31 million for 2025-26. It provided M&Gs with £6.2 million to help meet the cost of the increases in National Insurance Contributions due from April 2025. It used the remaining £24.8 million to increase baseline funding for all M&Gs by 5%, and to fund further increases for four M&Gs at highest risk of financial default with reserves falling to low levels.⁸ DCMS expects that these increases will continue into future years. It also provided additional one-off increases to two others for similar reasons for 2025-26 only. DCMS identified the six needing a higher uplift using factors such as past and forecast financial performance in terms of annual deficits and reserve levels, calculated running costs per visitor and building square metreage, and unique circumstances such as a complex estate.⁹ It also provided this extra £24.8 million only after liaising closely with the M&Gs to understand their financial position. According to DCMS, as at November 2025, this extra assistance had made a significant impact on financial resilience, as fewer M&Gs had raised financial concerns at that date than in previous years.

1.21 In December 2025, DCMS informed the M&Gs of their funding allocations for 2026-27. M&Gs are to receive in 2026-27 the same amounts of revenue grant-in-aid as in 2025-26 (excluding the one-off increases paid to the two M&Gs above), uplifted by 2% (£6.9 million) to allow for inflation. DCMS allocated the M&Gs the £6.9 million in advance in December 2025, using underspends elsewhere in its 2025-26 budget.

8 Included within these four M&Gs was the National Portrait Gallery, which received a significant permanent increase to its baseline funding in 2025-26 to address the issues arising after its re-opening in June 2023.

9 For example, National Museums Liverpool has seven visitor sites across Liverpool, and Science Museum Group has expanded to take on extra visitor sites.

Part Two

The responses of the museums and galleries to the financial challenges faced since the pandemic

2.1 This Part examines the responses of the museums and galleries (M&Gs) to the financial challenges faced since the pandemic, including how they have generated income and contained costs, and the impact of these responses on their operations. We have drawn on our survey of all 15 M&Gs sponsored by the Department for Culture, Media & Sport (DCMS), through which we sought to understand what the M&Gs saw as their main financial challenges and how they were addressing these.

Income generation by M&Gs

2.2 Three-quarters of M&Gs (73%) reported that increasing self-generated income had been one of their top three actions in response to financial challenges (**Figure 6** overleaf). M&Gs increased their self-generated income from £368 million in 2021-22 to £563 million in 2024-25, a 53% real-terms increase (**Figure 7** on page 27), as they fully re-opened following the end of pandemic restrictions and visitors consequently returned.¹⁰ This included 13 M&Gs achieving increases ranging from 0.2% to 139% (real terms). As a result, M&Gs' self-generated income has returned to around the same level as before the pandemic, with the £563 million achieved in 2024-25 representing a 0.1% increase in real terms on the annual pre-pandemic average. M&Gs have achieved this despite the overall lower visitor numbers and change in visitor behaviour since the pandemic (paragraphs 1.11 to 1.13).

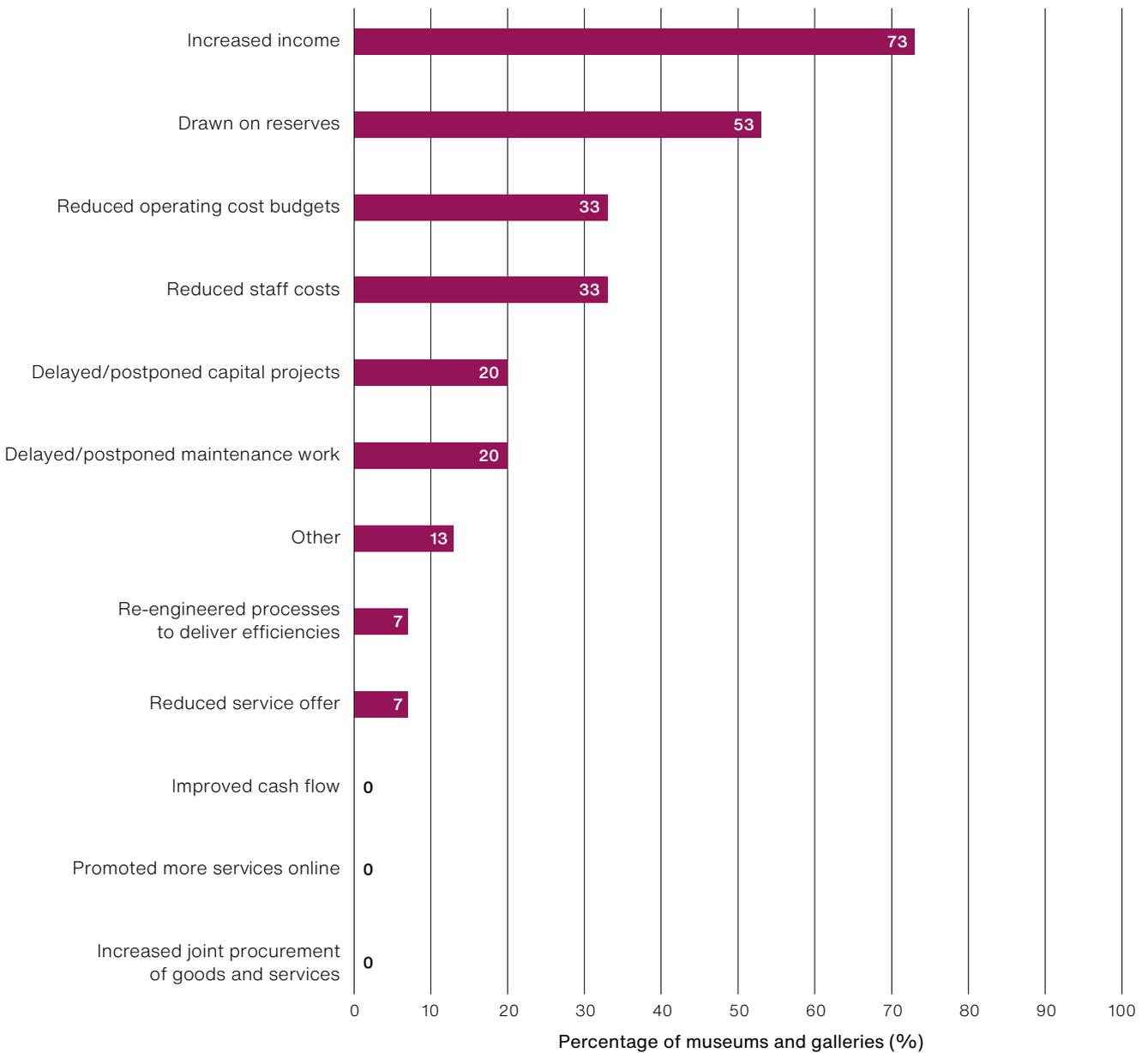
¹⁰ Income data exclude the value of donated assets, as their size can vary significantly from year to year.

Figure 6

Measures taken by Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs) to respond to financial challenges

Three-quarters of DCMS-sponsored M&Gs have increased their income, while over half have drawn on their reserves, and one-third have reduced staff costs

Measures taken to respond to financial challenges



Notes

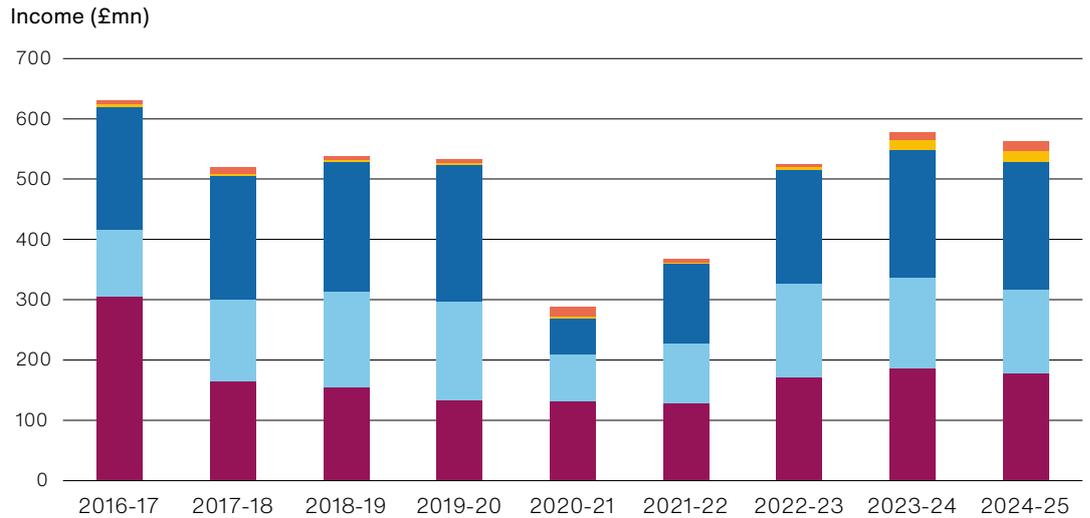
- 1 We asked all DCMS-sponsored M&Gs to complete our online survey between July and September 2025. All 15 M&Gs responded to this question.
- 2 M&Gs could select up to three measures taken to respond to the financial challenges they faced.

Source: National Audit Office analysis of survey responses

Figure 7

Self-generated income of Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs), 2016-17 to 2024-25

Income self-generated by DCMS-sponsored M&Gs has increased since 2021-22



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Donations and legacies (excluding donated assets)	305,256	164,952	155,372	133,087	131,910	128,143	171,976	186,855	177,387
Charitable activities	111,526	136,218	158,563	164,891	77,784	100,319	115,830	150,177	140,099
Other trading activities	203,493	204,124	214,879	225,177	60,032	131,371	187,087	210,714	210,838
Investments	3,733	2,960	3,725	4,183	2,386	2,523	5,800	17,804	18,962
Other	5,845	10,444	6,184	5,064	15,221	5,298	4,945	12,650	15,764
Total self-generated income (£000s)	629,853	518,698	538,724	532,402	287,333	367,656	485,638	578,200	563,049

Notes

- 1 Total self-generated income comprises: donations and legacies (excluding donated assets), charitable activities, other trading activities, investments, and other income.
- 2 All values are shown in real terms, adjusted using GDP index as at October 2025.
- 3 Data may not sum due to rounding.

Source: National Audit Office analysis of Department for Culture, Media & Sport-sponsored museums' and galleries' annual reports and accounts

2.3 There is no single revenue source which has driven the increase in self-generated income, with all categories of such income showing significant increases from 2021-22 to 2024-25 (Figure 7). M&Gs have demonstrated a commercially minded approach to increasing income, using a range of methods (**Figure 8**). Their approach mirrors that taken in Europe, North America, Latin America, the Caribbean, and Oceania, where M&Gs have also diversified their income streams to increase self-generated income. Many of the methods used by the M&Gs are common to all 15, such as shops for visitors, asking visitors for donations, hiring their facilities for events, and seeking donations from wealthy individuals and corporations. However, other less common methods depend on an M&G's location, visitor profile and the nature of its collection and facilities. For example, some have held big 'blockbuster' exhibitions,¹¹ whereas others do not currently have the facilities to enable paying exhibitions.¹² Certain M&Gs have entered into licensing deals with commercial bodies, such as retailers, for use of their collection.¹³ Some M&Gs can also, for historical reasons, charge entrance fees to sites or parts of sites,¹⁴ while some have provided imaginative member scheme offers.

2.4 Self-generated income sources are riskier and more susceptible to external factors, such as economic conditions, the tourism costs of travel and accommodation, and exchange rates. 'Blockbuster' exhibition income is volatile and high risk, with membership revenue also becoming unstable due to high membership churn. Some of the M&Gs with significant membership schemes are concerned about the impact of the Digital Markets, Competition and Consumers Act 2024, which introduced a cooling-off period for consumers when taking out membership.¹⁵ DCMS told us that it was working with the Department for Business & Trade to consider the concerns raised. Two-thirds of M&Gs told us that they considered that it was going to be difficult to increase their fundraising and commercial income over the next three years.

2.5 Over half (53%) saw a lack of potential donors as being a barrier to generating higher income in the future, while a similar proportion saw a lack of potential sponsors as a problem. Larger, better-known M&Gs based in London are more able to raise substantial funds from donations, compared with the smaller institutions and those outside London. However, even large donations for these M&Gs are usually for specific public-facing capital projects or the acquisition of items for their collections, rather than to support these bodies' routine and core operations. For example:

- in September 2025, the National Gallery announced three individual donations totalling £375 million to fund Project Domani, its plans to acquire new artwork and develop a new wing; and
- in October 2025, the Science Museum announced an eight-figure international donation to transform one of its galleries.

11 Examples include the National Gallery, Tate, and the Victoria and Albert Museum (V&A).

12 For instance, the Museum of the Home.

13 Examples include the Natural History Museum, Science Museum Group, and the V&A.

14 Such as the Horniman Museum, Imperial War Museum, and Royal Museums Greenwich.

15 For example, the British Museum, National Gallery, Tate, and the V&A.

Figure 8

Methods applied by Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs) to generate their own income

M&Gs have applied a wide range of approaches to increase their income

British Museum

Events

In October 2025 the British Museum held its 'pink ball' to mark the end of the current India exhibition. All 800 tickets were sold and three-quarters of those attending had no prior connection to the Museum. The Museum considers that events such as the ball are vital to its efforts to attract new commercial partners and donors.

National Portrait Gallery

Hospitality

The National Portrait Gallery has maximised its London West End location to build its hospitality revenue. In its 2023 refurbishment, it increased and refurbished its hospitality space, introduced new operators, improved its street presence and extended opening hours in the evenings for some areas of its hospitality offer. This has resulted in a doubling of onsite revenue to £5.4 million, on which the Gallery takes a concession.

Natural History Museum

Venue hire

In October 2025 the Museum had its first full-day hire, which meant the Museum was closed all day. The event generated significantly more income for the Museum than it would have generated had it remained open.

Science Museum Group

Paid-for experiences

The Museum has developed onsite, paid-for experiences like Wonderlab (play zone) and Power Up (gaming zone). Around two-thirds of the Museum's self-generated income comes through visitors, primarily through paid-for experiences. The Wonderlab experience generated an income of £2.6 million in 2024-25.

Victoria and Albert Museum (V&A)

Data-led ticketing

The V&A has taken a commercial data-led approach to ticket availability for major exhibitions to drive membership subscriptions.

National Museums Liverpool (NML)

Touring exhibitions overseas

NML has toured several exhibitions internationally, including Art in the Age of Victoria, which made £60,000 for the Museum, and Return of the Gods: Greeks and Romans, which is currently touring China.

Royal Armouries

Licensing intellectual property

The Royal Armouries has monetised its intellectual property via image licensing services to clients in video gaming, film and TV, advertising and marketing.

Note

1 Examples were selected to demonstrate the variety of approaches to income generation.

Source: National Audit Office analysis of survey responses and interview data and Department for Culture, Media & Sport-sponsored museums' and galleries' annual reports and accounts

Containing costs

2.6 One-third of M&Gs (33%) told us they have responded to financial challenges by reducing staff costs (Figure 6). M&Gs have made staff redundant, costing at least £8.5 million in redundancy payments in the three years 2022-23 to 2024-25.¹⁶ M&Gs have also not filled vacancies and had fewer staff on duty. M&Gs have also found innovative ways to reduce staff costs, for example using technology or retraining staff in both security and museum guide duties.

2.7 A third of M&Gs had reduced operating costs (Figure 6). This has included renegotiating service contracts, such as security, cleaning and estate maintenance, and postponing maintenance work or capital works. Examples of shared services and joint procurement among the 15 include: security across the South Kensington museums; maintenance for the National Gallery and National Portrait Gallery; and collections storage, with the National Portrait Gallery leasing space from Tate.

2.8 M&Gs expect the financial challenges arising from increased costs to continue. Some 87% considered that their main financial challenges over the next three years included higher staffing costs, and 73% higher operating costs. However, M&Gs will start from a position of lower levels of reserves when facing these challenges (paragraph 1.16). According to 53% of the M&Gs, one of the main financial challenges over the next three years will be low levels of unrestricted reserves, with the same percentage having previously relied on reserves to address the challenges they faced (Figure 6).

2.9 In response, M&Gs are planning to prioritise methods to control costs over the next three years (**Figure 9**). Over half (53%) intended to prioritise reducing staff costs, and three-quarters (73%) reducing operating cost budgets, with the same proportion (73%) prioritising process re-engineering to deliver efficiencies. M&Gs recognise that there is more that they can do and have started to explore the scope for more shared services and joint procurement in areas such as cyber-security and legal services. They have also started to use artificial intelligence (AI) to increase efficiency and deliver savings. However, this work is at an early stage and may require extra expenditure to recruit the specialist staff required, for example, for AI and cyber-security.

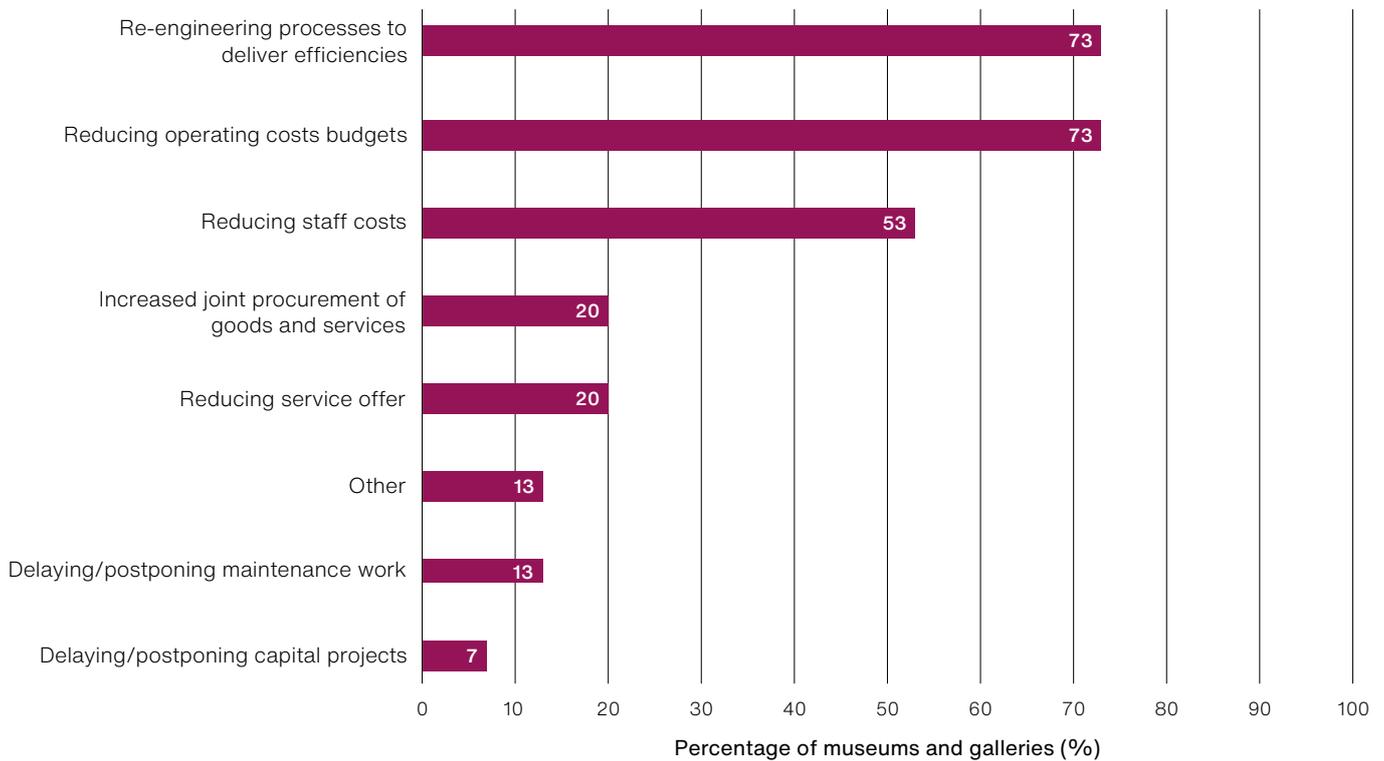
¹⁶ Figures are based on the costs of redundancies, restructuring and early retirements, where separately disclosed in the M&Gs' annual reports and accounts for these years.

Figure 9

Cost control measures Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs) intend to prioritise over the next three years

The most common cost control measures DCMS-sponsored M&Gs intend to prioritise are re-engineering processes to deliver efficiencies, reducing operating cost budgets, and reducing staff costs

Measures M&Gs intend to prioritise to control costs



Notes

- 1 We asked all DCMS-sponsored M&Gs to complete our online survey between July and September 2025. All 15 M&Gs responded to this question.
- 2 M&Gs could select up to three measures their organisation intends to prioritise.

Source: National Audit Office analysis of survey responses

Impact of M&Gs' responses to financial challenges

2.10 There is a lack of data around the impact of the financial challenges on the visitor experience. However, at least one M&G had reduced the number of exhibitions and extended their length as they are costly to put on (the V&A from five to three each year since the pandemic), while four M&Gs said they had reduced the number of staff on duty. None said that they had reduced opening hours, although two had discussed doing this over the next three years, to control costs. In our interviews, one M&G said that it had closed galleries to the public in order to store items from its collection. Our survey of M&Gs also found they had concerns about their ability to deliver their core objectives of preserving their collections (33% of M&Gs) and maintaining free access over the next three years (27%), with some M&Gs (20%) looking to reduce their service offer to control costs.

Part Three

The Department for Culture, Media & Sport's oversight of museums and galleries

3.1 In this Part, we consider the overall approach of the Department for Culture, Media & Sport (DCMS) to the oversight of museums' and galleries' (M&Gs') financial resilience and achievement of objectives. We define financial resilience as the ability to prevent, adapt and respond to financial crises or disruptions, and to absorb financial shocks without causing widescale disruption to long-term financial position, service delivery and achievement of objectives. M&Gs are better placed to contribute to their own financial resilience than some other demand-led public services, such as local authorities, as they can generate their own income, for example through commercial activities. The challenge for DCMS is providing M&Gs with sufficient financial support to contribute to their financial resilience without undermining their motivation to generate their own income.

3.2 In assessing DCMS's approach in this area, we have drawn on lessons from our wider work on financial resilience in areas such as the NHS, local authorities, and the police.^{17,18,19} From this work, we have identified five areas we consider to be significant for oversight and financial resilience.

- Grant-in-aid funding settlements for M&Gs.
- DCMS's monitoring of objectives and outcomes.
- DCMS's monitoring of financial resilience.
- Targeted oversight and actions where risks are greater.
- DCMS's role as a convenor and as an enabler to strengthen capability and resilience.

17 Comptroller and Auditor General, *NHS Financial Management and Sustainability*, Session 2024-25, HC 124, National Audit Office, July 2024.

18 Comptroller and Auditor General, *Local government financial sustainability*, Session 2024-25, HC 691, National Audit Office, February 2025.

19 Comptroller and Auditor General, *Police productivity*, Session 2024-26, HC 1380, National Audit Office, November 2025.

Grant-in-aid funding settlements for M&Gs

3.3 Timely and transparent funding settlements are important as they give funding recipients greater certainty when undertaking their financial planning.²⁰ Due to the nature of the government funding regime, DCMS was only able to confirm M&Gs' final funding allocations for 2023-24, 2024-25 and 2025-26 in either July or August of the years in question, after Parliament had authorised the government's main estimates for departments' spending in that year. To provide M&Gs with as much certainty as possible within these constraints, DCMS aims to send them letters setting out their interim funding allocations by the December before the start of the financial year. DCMS met this date for 2025-26 and 2026-27, but it did not do so for 2023-24 and 2024-25, sending the interim letters at the start of these years.

3.4 DCMS expects that M&Gs should be better able to make long-term financial decisions as a result of the 2025 Spending Review in June 2025. DCMS informed M&Gs of their funding allocations for 2026-27 in December 2025 and intends to confirm indicative allocations for 2027-28 and 2028-29 in early 2026. It is able to do this as the 2025 Spending Review covered multiple years, whereas Spending Reviews in recent years have only covered one year.

3.5 DCMS has not made clear to the M&Gs the basis on which it calculated individual funding allocations. In most years, DCMS has applied an equal percentage uplift to M&Gs' existing baseline allocations to allow for inflation, rather than basing calculations on specific or consistent criteria linked to the M&Gs' financial position. It has subsequently used year-end top-ups to help those it discovers to be in financial trouble (paragraph 1.18). DCMS told us that it does not use a single criteria-based formula to determine M&Gs' individual allocations each year because M&Gs vary considerably in terms of scale, location, visitor numbers, statutory purpose, research and collection specialisms, and operating models. It acknowledges, however, that needing to provide funding injections on a one-off basis does not encourage M&Gs to make decisions which serve their, or DCMS's, own long-term interests.

²⁰ Comptroller and Auditor General, *Lessons learned: a planning and spending framework that enables long-term value for money*, Session 2024-25, HC 234, National Audit Office, October 2024.

3.6 DCMS took a more considered approach when calculating the initial allocations for 2025-26. It reviewed measures of M&Gs' circumstances, such as recent financial performance, visitor numbers, and floor space, and gave higher increases to the M&Gs most in need (paragraphs 1.19 and 1.20). For 2026-27, DCMS has reverted to carrying forward allocations based on the previous year's amounts and then uplifting by an equal percentage to allow for inflation (paragraph 1.21). This approach means the allocations may not take account of changes in M&Gs' financial position since the previous year, with the consequent risk that it may need to provide year-end top-ups should M&Gs run into difficulties. DCMS told us that it aims to balance ensuring that settlements take account of M&Gs' changing financial circumstances against the need to make fair allocations that provide stability for future planning. It also told us that it plans to periodically take a more considered approach, such as for 2025-26, to take account of changes in M&Gs' financial position.

3.7 According to our survey, 80% of M&Gs agreed or strongly agreed that DCMS provides clear information on funding processes and allocations to its M&Gs. However, when asked in interviews, just over half of M&Gs also told us that they were unclear about the basis on which their grant-in-aid is allocated – for instance whether it is based on the cost of their core operations, including caring for and providing free access to the collection, or staff costs. In 2024-25, revenue grant-in-aid ranged from 49% to 105% of total staff costs, exceeding these costs for two M&Gs. In the same year, revenue grant-in-aid ranged from 35% to 66% of M&Gs' total expenditure on charitable activities. According to DCMS, it does not set out what the grant-in-aid is intended to cover as the M&Gs are best placed to decide how to spend the funding they receive: it also wants flexibility to address the unique circumstances of each M&G and to provide them with an incentive to generate their own income. However, DCMS has also acknowledged that it could improve M&Gs' understanding of the basis of its funding decisions by providing more information on the factors it takes into consideration when reaching these decisions.

DCMS's monitoring of the achievement of objectives and outcomes

3.8 One key area we have identified for ensuring financial resilience is the need for clarity over the objectives and outcomes M&Gs are expected to achieve with the funding provided and for adequate oversight of their delivery. Without such clarity, there is the risk that M&Gs could spend money on non-priority areas. Since at least 2016, DCMS has set out clear, specific priorities which it expects M&Gs to deliver with the funding it makes available to them, mainly around providing free entry to their permanent collections and protecting these collections and their front-line services (**Figure 10**). As ALBs of DCMS, M&Gs are required to contribute to achieving DCMS's overarching objectives and priority outcomes, as set by the Secretary of State. In December 2025, DCMS reiterated specific priorities for M&Gs, including widening access for under-represented groups, increasing lending activity across the country, and additional objectives agreed on a museum-by-museum basis. Almost three-quarters of M&Gs told us that they agreed or strongly agreed that DCMS set clear objectives for its M&Gs.

Figure 10

Department for Culture, Media & Sport's (DCMS's) priorities and objectives for museums and galleries (M&Gs)

DCMS's objectives and priorities for the M&Gs have not changed significantly in the past decade

From 2016, management agreements between DCMS and the M&Gs set priorities for all M&Gs:

- Continued free entry to permanent collections
- Protection of world-class collections and front-line services
- Continued revenue generation through commercial and philanthropic approaches to complement grant-in-aid funding
- Opportunities to work across the UK with other museums, cultural and third-sector partners, including through loaning items, touring exhibitions, and sharing expertise

In July 2024, DCMS introduced a new set of priority outcomes for itself and its arm's-length bodies:

- Growth and good jobs in every place
- Richer lives with choices and opportunities for all
- A more socially cohesive country with an inclusive national story

From 2025, framework documents between DCMS and the M&Gs set shared objectives:

- To care for and preserve museum and gallery collections
 - To ensure that the collections are exhibited to the public and made available for study and research
 - To promote the public's understanding and enjoyment of the collections
-

Source: National Audit Office review of Department for Culture, Media & Sport documents

3.9 As at January 2026, DCMS had not set out how it intends to assess M&Gs' delivery of its new priority outcomes. DCMS has a long-standing set of key performance indicators (KPIs) against which M&Gs must report their performance covering: visitor numbers, composition and satisfaction; learning and outreach; regional engagement; and income (**Figure 11**).²¹ DCMS had yet to identify the KPIs it will use to assess the contributions made by each M&G to the delivery of its priority outcomes, and was not systematically collecting evidence on M&Gs' wider impacts which would contribute to such delivery. Examples of these wider impacts include the impact of school visits to Science Museum Group on STEM (science, technology, engineering and mathematics) attainment and the economic value added to the local region by Royal Armouries.

Figure 11

Department for Culture, Media & Sport's (DCMS's) key performance indicators for museums and galleries (M&Gs)

DCMS has a long-standing set of key performance indicators against which M&Gs must report their performance

DCMS-sponsored museums and galleries annual performance indicators introduced in 2012-13

Visitors

- Number of visits to the museum/gallery
- Number of unique website visits
- Number of visits by children under 16
- Number of overseas visits
- Percentage of visitors who would recommend a visit

Learning and outreach

- Number of facilitated and self-directed visits to the museum/gallery by visitors under 18 in formal education
- Number of instances of visitors under 18 participating in on-site organised activities

Regional engagement

- Number of UK loan venues¹

Income

- Self-generated income (admissions)
- Trading income (net profit)
- Self-generated income/charitable giving (fundraising/contributed income)

Note

- ¹ UK loan venues are institutions, organisations, exhibitions facilities or individual researchers in the UK who receive items on loan from DCMS-sponsored M&Gs.

Source: National Audit Office analysis of Department for Culture, Media & Sport documents

²¹ The KPIs were introduced in 2012-13 and have remained largely consistent since then.

3.10 DCMS has acknowledged that its current set of long-standing KPIs needs refreshing.

- Some KPIs are out-of-date. For example, it uses the number of unique website visitors to monitor M&Gs' digital engagement and collects no data on their social media presence.
- Financial KPIs are limited to income and do not cover other key financial metrics, such as costs, surplus/deficit, cash flow or reserves.
- DCMS lacks KPIs around qualitative aspects of M&Gs' service delivery, such as opening times or gallery closures, and the condition of collections.
- DCMS uses only one KPI to monitor M&Gs' regional engagement: loans made from their collections.
- DCMS has set no targets for these KPIs against which it then measures M&Gs' performance. Instead, it uses the KPIs to analyse long-term trends to inform its decision-making and discusses these, as and when necessary, as part of its regular engagement with the M&Gs.

3.11 Despite this, M&Gs found DCMS's KPIs useful, although they also used other performance metrics in addition to these to manage their business. In its July 2023 letter to M&G Chairs, DCMS mentioned the need to refresh the KPIs of all its arm's-length bodies (ALBs) with a view to their coherence, detail and robustness. Work on this was delayed due to the 2024 General Election and DCMS wanting to ensure ministerial priorities and spending plans were in place before it started to identify the performance indicators needed to measure progress against these priorities. DCMS plans to start this review in early 2026.

DCMS's monitoring of financial resilience

3.12 It is important for DCMS to have a good understanding of the financial resilience of the M&Gs it oversees so it can take a proactive approach to dealing with underlying issues before they escalate. To obtain such an understanding, DCMS needs to establish a good relationship with the M&Gs and gather appropriate information on their financial resilience.

3.13 DCMS holds quarterly partnership meetings with each of its M&Gs to support its relationships with these. Discussions at these meetings cover M&Gs' operational and financial performance, key risks and sector-wide issues, ministerial priorities, and delivery challenges, with follow-up actions agreed where appropriate. M&Gs provide DCMS with quarterly documentation to support these discussions. DCMS also holds monthly calls with all M&G Accounting Officers. The M&Gs are largely positive about DCMS engagement. For example, in our survey of all M&Gs, 73% agreed or strongly agreed that DCMS sets clear expectations about the information it wanted from them, while 86% agreed that DCMS shared useful information on matters of interest to them.

3.14 M&Gs are required to report to DCMS each month on actual and forecast income, expenditure and cash drawdowns, and to provide information on the financial performance at their quarterly performance meetings with DCMS. In early 2024, DCMS introduced new regular reports, based on monthly returns, on the financial performance of its ALBs for its teams sponsoring these bodies. It has also made various analytical and presentational improvements to the data it uses when discussing financial performance with its ALBs. However, the focus of all these reports is on the in-year spending of these bodies and the accuracy of their financial forecasting in response to persistent underspends against resources and capital spending control totals, rather than on the bodies' financial resilience.

3.15 The monthly financial returns from M&Gs, and the internal reports from DCMS based on this information, do not contain details on the level of the M&Gs' reserves and how these have changed over time, which is a key metric for assessing the financial resilience of M&Gs (paragraph 1.16). Due to differing accounting systems and frameworks that its ALBs use, DCMS receives updates on these levels only at the end of the financial year, and has to make specific requests of M&Gs if it wants this information during the year – for example when it needed to obtain greater understanding of the financial health of the M&Gs to inform its 2025-26 funding allocations (paragraph 3.6). Additionally, DCMS could be missing early warning of potential issues with the financial resilience of M&Gs due to its lack of KPIs around aspects of M&Gs' service delivery. This includes, for example, factors which impact on the visitor experience, such as opening times or gallery closures, and around the achievement of their core objectives, such as preserving their collections (paragraphs 2.10 and 3.10).

3.16 Through our financial audit work we have found that M&Gs' financial management capabilities can vary greatly. Some have small finance teams, while many have experienced significant churn in their senior financial leadership in recent years, with eight of the 15 appointing new finance directors since July 2022. We have also observed from our financial audits that some M&Gs have struggled to produce their annual accounts for audit on a timely basis, in part due to resourcing issues in their finance teams. Some 20% had identified financial management as an area where they wanted to prioritise improving their capability. In some cases, DCMS has provided additional support to M&Gs' finance teams.

3.17 Weaknesses in financial management capability can contribute to breaches of financial controls. For example, the Comptroller and Auditor General qualified his regularity opinion on the 2023-24 financial statements of National Museums Liverpool for its use of a capital grant for non-capital purposes. Tate's non-compliance with HM Treasury pay spend controls in 2023-24 resulted in it being fined.²² Primary responsibility for ensuring that M&Gs have sufficient financial management capability to ensure they use their resources properly and avoid such breaches rests with their boards. While DCMS discusses senior capacity and capability with M&Gs and their boards, it does not collect data to assess M&Gs' financial management capabilities, such as the timeliness of production of annual accounts for audit and leadership turnover in M&Gs' finance teams.

3.18 M&Gs' boards play an important role in ensuring financial resilience, but M&Gs are frustrated about how long the process of appointment can take. DCMS oversees the appointment of the board members of 14 of the 15 M&Gs. We have previously reported on the problem across government regarding the amount of time taken to make such appointments.²³ As at 9 October 2025, there were 34 vacancies across the boards of the M&Gs, more than double the number of vacancies (16) at 31 March 2024. This represented a total vacancy rate of 15%, but rates varied between M&Gs, with four having a vacancy rate of 25% or above.²⁴ The average length of time to make appointments in 2024-25 was 219 days, more than the 90 days set down in the government's Governance Code for Public Appointments.²⁵ DCMS told us that a vacancy does not necessarily reflect delays to appointment processes, and that ALBs may agree to their boards carrying specific vacancies if, for example, they are already content with the current size and skills mix of their board.

3.19 According to DCMS, the delays in 2024-25 were, in part, due to the July 2024 General Election and the need to bring new DCMS ministers up to speed on appointments. DCMS also told us that, despite the delays, membership of all M&G boards was at a sufficient level for them to be quorate and therefore able to carry out their functions. However, delays to appointments can mean that M&Gs' board-level capability gaps are not addressed as quickly as required. Some M&Gs told us that they want greater involvement in the appointment process to ensure they get the people they think they need.

22 Due to an oversight, Tate did not seek prior approval for a senior salary which exceeded public sector pay limits. DCMS and HM Treasury subsequently approved the salary.

23 Comptroller and Auditor General, *Non-executive appointments*, Session 2023-24, HC 513, National Audit Office, February 2024.

24 The four M&Gs are the Horniman Museum, National Museums Liverpool, National Portrait Gallery, and Science Museum Group.

25 The average length of time is measured from campaign close date to date candidate accepted.

3.20 In October 2025, the government issued a new version of its governance code for public appointments, replacing the previous December 2016 version. The new code gives greater flexibility over the level of ministerial involvement in the process. DCMS told us that it has taken a number of steps to make the process more efficient and reduce delays, including an internal review of its public appointment processes to align with the new governance code. It also said that it has implemented earlier consultation with M&Gs on the appointment process, to ensure that appointment campaigns are launched in good time.

3.21 DCMS is taking steps to improve its monitoring of M&Gs' financial resilience and financial management capability so that it can scrutinise those at greater risk. Since early 2025 it has been developing a traffic light system to rate the financial performance of its ALBs, including M&Gs. The tool is likely to cover the financial resilience of these bodies, the accuracy of their forecasting, the capacity and capability of their finance teams, and their compliance with government controls.

Targeted oversight and actions where risks are greater

3.22 A risk-based approach to oversight enables the most efficient use of resources by an overseeing body, as its monitoring activities are prioritised to focus on those bodies that pose the greatest risk. The team within DCMS responsible for sponsoring the M&Gs uses a risk-based approach to prioritise its oversight, with greater time and more senior involvement given to those M&Gs to which it provides more funding. Since 2024, DCMS has been taking steps to improve its basis for making decisions about the proportionate level of oversight to apply to each of its ALBs, including M&Gs, while avoiding interfering in the ALBs' delegated authority. For example, in October 2025, DCMS produced draft risk appetite statements for its ALBs, including M&Gs. Such statements will identify for each body both the level of risk that DCMS is willing to tolerate to ensure its objectives are met and the risk that it might not accept, and will therefore inform DCMS's sponsorship teams on the level of oversight to exercise.

3.23 DCMS has been developing a Strategic Indicator Tool since early 2024 to help it determine its risk appetite for each of its ALBs, including M&Gs. The tool will cover both financial and non-financial metrics. DCMS is reviewing the scope of the non-financial elements of the tool but is likely to include ALBs' performance against governance standards and the extent of interest from external bodies, while the financial element will be informed by the results of the new financial indicator tool (paragraph 3.21).

3.24 In recent years, DCMS has provided extra resources to its sponsorship, finance business partnering, and analytics teams to improve its oversight capability of ALBs. It has also introduced a network for its sponsor teams to ensure consistency in their approach. In 2025 it created a new director role to focus leadership and drive growth in this sector, including its M&Gs.

3.25 DCMS does not have a uniform process for dealing with the financial failure of a museum or gallery, as it considers that each individual case must be assessed on its own merits and circumstances. M&Gs assume that DCMS is not going to allow them to fail financially and will make funding available to cover any financial shortfalls they face. However, the level of DCMS's own settlement under the 2025 Spending Review may make it harder for it to provide such funding in future.

DCMS's role as a convener and an enabler

3.26 M&Gs face common resilience issues and opportunities, including cyber threats, scope for introducing further shared services, and insurance arrangements. For example, a significant risk they face involves the storage and security of their collections. M&Gs have the overall duty to maintain their collections and are legally constrained from removing items from collections by sale or other means. As a result, the size of their collections, and the cost of storing these, is only going to grow. M&Gs are also facing the challenge of digitally archiving their existing collections and an increasing threat from cyber-attacks and thefts of items from their collections, which would impact their operations and finances.

3.27 Although M&Gs have made a start in addressing these challenges, the work is at an early stage (paragraph 2.9). They told us of their concerns about the difficulties involved, such as recruiting specialist staff in cyber-security and artificial intelligence (AI). They may also require upfront investment in, for example, shared storage facilities before savings are delivered. However, DCMS does not currently have a strategy in place with M&Gs to address these challenges. The majority of M&Gs told us that DCMS supports efforts to share good practice between themselves (64%) and encourages and facilitates a closer working relationship between them (57%). Some M&Gs consider that DCMS could do more to help through its convening role to facilitate and support greater collaboration in tackling challenges, or by providing seed funding to individual M&Gs to build skills and capability that could then be shared more widely.

3.28 DCMS has put in place a series of regular forums across a number of areas for its ALBs, such as finance and commercial matters. Topics covered have included information dissemination by DCMS on the latest government policy initiatives, and the sharing of lessons with participants on, for example, the thefts at the British Museum and the cyber-attack experienced by the British Library. However, there has been less sharing at these of examples of cost reduction or income generation at the M&Gs. In our survey, 87% of M&Gs told us that they agreed that DCMS shares useful information on matters which impact M&Gs. However, some M&Gs considered that DCMS could do more to use the information it receives from all 15 on, for example, costs to feedback additional insight to the M&Gs (paragraph 3.14).

3.29 Collaboration between M&Gs in addressing the challenges they face has often come bilaterally or via networks they have established themselves at DCMS forums, rather than via direct facilitation by DCMS. Some 67% have shared information on income generation and 87% on financial management. However, fewer have shared information about their non-staff costs (40%) or reserves management (47%). Some 80% had compared their staff costs with other DCMS-sponsored M&Gs. We found that there was a lack of consistent data available to allow comparison between M&Gs over time of key costs, such as security, energy and insurance. DCMS has acknowledged that there is an opportunity for more cost data standardisation among M&Gs, but notes that direct financial comparison between M&Gs can be challenging due to their different operating models and circumstances.

3.30 M&Gs have also developed links with wider, non-DCMS networks, such as the Association of Leading Visitor Attractions (ALVA) and the Association of Cultural Enterprises, to access shared learning. Most M&Gs told us that they had benefitted from shared learning, with 69% finding it useful or very useful.

Appendix One

Our audit approach

Our scope

1 The Department for Culture, Media & Sport (DCMS) sponsors and directly funds 15 museums and galleries (M&Gs) in England. It gave grant-in-aid of £484 million to these bodies in 2024-25. The M&Gs range greatly in terms of the number of staff employed, visitor numbers, sites and self-generated income. The M&Gs have their own governance structures, and each has its own Accounting Officer and trustees, and different legal bases for operating. As charities, the M&Gs also comply with relevant legislation, with DCMS as their regulator as well as their sponsor. DCMS has ongoing priorities for the M&Gs to provide free access to visitors and educational opportunities.

2 At the outset, we framed our examination to assess the financial resilience and performance of the 15 DCMS-sponsored M&Gs and how effectively they and DCMS have addressed their financial challenges as visitor numbers have recovered since the pandemic. We have drawn on previous National Audit Office (NAO) work on financial resilience in different sectors to make our assessment and draw our conclusions.

3 We examined the following questions.

- Have DCMS and the 15 DCMS-sponsored M&Gs faced challenges to their financial position following the COVID-19 pandemic?
- Have DCMS and the M&Gs responded to the financial situation with arrangements to address the financial health of these bodies?
- Do DCMS and the M&Gs have adequate arrangements in place to ensure the financial resilience of these bodies and achievement of DCMS's and M&Gs' objectives?

4 In structuring our findings, we organised the report into three parts covering:

- the finances of M&Gs since the pandemic (Part One);
- the responses of the M&Gs to the financial challenges faced since the pandemic (Part Two); and
- DCMS's oversight of M&Gs' financial resilience and achievement of objectives (Part Three).

5 Our report focused on DCMS and the 15 DCMS-sponsored M&Gs. It did not examine the above issues in the wider M&Gs sector. We did not conclude on the financial resilience of individual M&Gs, nor did we examine individual capital projects or any DCMS decisions to fund these.

6 We reached our independent conclusions on the financial resilience of DCMS-sponsored M&Gs following analysis of evidence collected primarily from July to October 2025. In forming our conclusions, we drew on a range of study methods and evidence sources, which are set out in the paragraphs below. We also worked closely with colleagues from our internal expert teams. These included colleagues with expertise in financial audit, financial resilience, risk and financial management, and quantitative and qualitative analysis, among others.

Our evidence base

Financial resilience

7 We define financial resilience as the ability to prevent, adapt and respond to financial crises or disruptions, and to absorb financial shocks without causing widescale disruption to long-term financial position, service delivery and achievement of objectives. Resilient organisations are more likely to be cost-effective and provide value for money as they have some protection from having to incur the costs and disruption of dealing with challenges retrospectively. Our assessment of DCMS compares it with good practice, drawn from previous NAO work, for departments overseeing the financial resilience of whole sectors.

Interviews

8 We held interviews with DCMS, all 15 DCMS-sponsored M&Gs and selected third parties between September and early December 2025 (**Figure 12** overleaf). We analysed the interviews thematically, based on our evaluative criteria (paragraph 3). We used interviews to explore topic areas and guide subsequent requests for and review of documentation. Our interview analysis was used in the report to provide examples, support our audit findings, and validate conclusions drawn from other evidence, such as document review.

Quantitative analysis

9 This report uses 2016-17 as our first reference year. Where we have made a 'pre-pandemic' comparison, we have used a pre-pandemic average across the three years 2016-17, 2017-18 and 2018-19. We have selected specific years as a starting point or comparison where this presents important elements of the narrative.

Figure 12

Interviews

We held interviews with the Department for Culture, Media & Sport (DCMS), the 15 DCMS-sponsored museums and galleries (M&Gs) and selected third-party organisations between September and early December 2025

Organisation	Number and details	Why the organisation(s) was/were selected	Main topics/questions covered in interview
Accountable department: DCMS	Eight interviews with officials	DCMS is accountable for funding and oversight of 15 sponsored museums and galleries (all of which are arm's-length bodies (ALBs))	Three teach-in sessions and follow-up requests and interviews covering DCMS's approach to funding and overseeing the M&Gs, including roles and responsibilities, resourcing, governance and partnership arrangements, monitoring, approach to developing financial indicators and key performance indicators, evaluation, lessons learned and good practice
15 DCMS-sponsored museums and galleries (all DCMS ALBs)	At least 15 interviews, one with each body, including with the finance director and other senior staff. We visited each of the 15 M&Gs to carry out the interviews and to see first-hand the management of their operations	The M&Gs are responsible for managing and maintaining their collections and for delivering on their objectives, including DCMS objectives	Financial position, approaches taken post pandemic, initiatives, innovation and good practice, experience of working with DCMS, approach to collaboration and learning with other M&Gs
Other non-departmental public bodies: Arts Council England (ACE)	One interview with officials	ACE provides some investment and funding to the M&Gs, such as National Lottery funding, and has direct responsibility for schemes available to the wider M&G sector, including the Government Indemnity Scheme, and for national cultural developments	Reflections on ACE's outlook for the wider sector, lessons learned from across government, and responding to financial challenges following the pandemic
Selected third parties: The National Museum Directors' Council (NMDC) and Art Fund	Two interviews with officials	To inform our wider understanding of developments across the 15 M&Gs and the context of the wider sector following the pandemic	Wider perspectives on the financial resilience of the sector and the role of DCMS

Source: National Audit Office analysis of interview data

10 We analysed in-depth data taken from the annual reports and accounts of DCMS and each of the 15 M&Gs covering the years going back to our base year of 2016-17, where necessary combining years to calculate pre-pandemic averages. We also analysed these reports to identify the levels of reserves, financial surplus and/or deficit, overall expenditure, staff costs compared with total expenditure, key risks being managed, and the number of visitor sites for each M&G. Where available, we used the group figures contained in the annual reports and accounts of the M&Gs as these represent the total financial resources available to them.

11 We accessed other data sources in particular the Official Statistics reporting on data such as fundraising income, the value of donated assets, and annual performance indicators and performance against these.

12 Our data analyses covered financial and non-financial data for each of the 15 M&Gs, using data from their own annual reports and accounts, as well as national statistics published by DCMS. Our analyses cover the period from 2016-17 up to 2024-25.

13 All real-terms values in the report have been calculated by applying the GDP deflator (index) as at October 2025, which is produced by HM Treasury using data provided by the Office for National Statistics and Office for Budget Responsibility.

Document review

DCMS documents

14 We reviewed relevant minutes and papers of the various internal DCMS committees, including its Audit and Risk Committee and Finance Committee, as well as those of its various forums for liaising with its arm's-length bodies, including M&Gs.

15 We reviewed key internal DCMS papers, including:

- submissions to senior management, ministers and HM Treasury, including those for Spending Review 2025, relevant supporting papers, and subsequent financial planning papers;
- funding allocation papers and resulting funding settlement letters to each of the 15 M&Gs for 2023-24 to 2026-27;
- minutes of quarterly partnership meetings with DCMS for each of the 15 M&Gs from 2023-24, and monitoring returns provided to DCMS for these; and
- other key correspondence and minutes of key meetings with each of the 15 M&Gs concerning, for example, any additional financial and non-financial support provided to the M&Gs.

M&G documents

16 We reviewed:

- M&Gs' annual reports and accounts including notes to accounts on donations and reserve levels/policies, going concern statements and risk assessments;
- M&Gs' Audit and Risk Committee minutes;
- framework documents for each M&G setting out its relationship with DCMS;
- M&Gs' performance reports to identify the key performance indicators they use to manage their business; and
- website reports and publications on specific topics, for example, areas of innovation and approaches to self-generation of income.

Third-party documents

17 We reviewed the legislation forming the statutory basis of each M&G and undertook an international comparison of overseas M&Gs using publications from relevant international bodies, such as the European Group on Museum Statistics and the American Alliance of Museums. We also reviewed third-party papers, such as selected academic reviews and reports from sector organisations.

Survey questionnaire of M&Gs

18 We piloted and prepared a questionnaire survey to all 15 M&Gs (responses from finance directors or equivalent), which was live between July 2025 and September 2025 to gather information about M&Gs' experience of:

- the financial and other challenges they have faced, and will face in the future;
- their future financial position;
- what they have done to address financial pressures and improve their financial position; and
- their assessment of the quality and extent of DCMS oversight and support.

We also asked them to share examples of their own experience and good practice in income generation and cost reduction, including joint procurement, shared services, benchmarking and lesson-sharing.

19 We received responses from all 15 M&Gs by the middle of October 2025. We also held follow-up visits to discuss their responses (see interviews). We liaised internally with our survey experts on how best to design, collect, quality assure and present the results from our questionnaire data collection. To enhance the reliability of our findings, we triangulated our survey data against our interview data and financial analysis.

Good practice case examples

20 We examined evidence gathered in the work packages above to identify case examples that we could refer to as good practice or to illustrate specific cases which may have wider application and provide insight for others.

Appendix Two

Figure 13
Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs):
key information

The 15 DCMS-sponsored M&Gs vary greatly in terms of grant-in-aid received, visitor sites, collection size, visitor numbers and staff numbers

Museum/Gallery	Purpose	Act of legislative purpose	Total grant-in-aid (2024-25) ¹ (£mn)	Visitor sites	Visitor sites with a charge ²	Size of collection	Number of visitors ³ (2024-25)	Number of overseas visitors ⁴ (2024-25)	Number of staff ⁵ (2024-25)
British Museum	Holds in trust for the nation and the world a collection of art and antiquities from ancient and living cultures.	British Museum Act 1963	74.2	1 (London)	0	Over 8,000,000 objects	6,474,734	3,800,000	841
Horniman Museum	Specialises in anthropology, natural history and musical instruments.	Statutory Instrument No. 437 (April 1992)	6.0	1 (London)	0	350,000 objects	669,552	51,000	137
Imperial War Museum	Using the personal stories and experiences in its unique collections, helps people as global citizens make sense of an increasingly unpredictable world.	Imperial War Museum Act 1955; Museums and Galleries Act 1992	33.3	5 (3 in London)	3	33,673,349 items	2,239,070	929,000	440
Museum of the Home	Explores domestic life and the everyday lived experience of home, told through personal stories and everyday objects.	Statutory Instrument No. 437 (April 1992)	1.9	1 (London)	0	Over 40,000 objects	181,992	32,759	42
National Gallery	Houses the national collection of Western European paintings from the 13th to 19th centuries.	National Gallery Act 1856; Museums and Galleries Act 1992	30.8	1 (London)	0	2,400 works	3,203,023	1,600,000	267
National Museums Liverpool	Its collections are among the most important and varied in Europe, and contain everything from Impressionist paintings and rare beetles to a lifejacket from the Titanic and artefacts from ancient Egypt.	Museums and Galleries Act 1992 (DCMS became the principal regulator on 1 June 2010)	25.8	7 (0 in London)	0	4,000,000 items	2,320,472	603,323	356
National Portrait Gallery	Aims to promote through the medium of portraits the appreciation and understanding of the men and women who have made and are making British history and culture, and to promote the appreciation and understanding of portraiture in all media.	Museums and Galleries Act 1992	11.0	1 (London)	0	250,000 works	1,591,532	566,000	193
Natural History Museum	Home to life and earth science specimens within five main collections: Botany, Entomology, Mineralogy, Palaeontology and Zoology. A world-renowned centre of research, specialising in taxonomy, identification and conservation.	Museums and Galleries Act 1992	89.3	2 (1 in London)	0	70,000,000 items	6,056,157	3,721,000	1,086
Royal Armouries	Royal Armouries is home to the national collections of arms and armour, including artillery, and to the National Firearms Centre.	National Heritage Act 1983	8.2	3 (1 in London)	1	75,000 items ⁷	2,274,640	1,325,740	165
Royal Museums Greenwich	Work to illustrate the importance of the sea, ships, time and the stars, and their relationship with people.	National Maritime Museum Act 1934	26.9	4 (4 in London)	2	2,500,000 items	2,198,914	1,407,305	487
Science Museum Group	Devoted to the history and contemporary practice of science, medicine, technology, industry and media.	National Heritage Act 1983	62.2	6 (1 in London)	0	7,300,000 items	4,002,918	894,000	921
Sir John Soane's Museum	Displays Sir John Soane's (1753-1837) collection of antiquities, furniture, models and paintings in the same state in which they were left at the time of his death as well as preserving architectural drawings and a fine library.	The Charities (Sir John Soane's Museum) Order (1969) revised in 1996, 2003, 2011, 2012, 2021 and 2022	1.3	1 (London)	0	52,000 items	163,508	77,427	55
Tate Gallery Group	Holds the national collection of British art from 1500 to the present day and international modern and contemporary art.	Museums and Galleries Act 1992	53.9	4 (2 in London)	1	Over 70,000 artworks	5,924,292	2,392,000	744
Victoria and Albert Museum (V&A)	The world's largest museum of decorative arts and design. The collection spans 5,000 years of art, from ancient times to present day, in virtually every medium, from cultures of Europe, North America, Asia, and North Africa.	National Heritage Act 1983	56.2	5 (3 in London) ⁶	0	1,704,000 objects ⁹	3,956,100	1,749,200	979
The Wallace Collection	Displays unsurpassed French 18th-century painting (including Old Masters), furniture, porcelain and a world-class armoury in a historic London townhouse.	Museums and Galleries Act 1992	3.3	1 (London)	0	5,637 objects	526,486	247,448	91
Total			484	43 (22 in London)	7	Over 128,000,000 objects	41,783,390	19,396,202	6,804

Figure 13 *continued*

Department for Culture, Media & Sport- (DCMS-) sponsored museums and galleries (M&Gs): key information

Notes

- 1 Figures for total grant-in-aid are taken from DCMS 2024-25 annual report and accounts and may differ from those in M&Gs' annual reports and accounts. Total grant-in-aid includes both revenue and capital funding, with revenue grant-in-aid available for M&Gs' day-to-day operations and capital grant-in-aid available to M&Gs for capital purposes, including specific capital projects.
- 2 Visitor sites with a charge are those which are wholly charging.
- 3 Figures for number of visitors are taken from DCMS's statistics and may differ from those in M&Gs' annual reports and accounts.
- 4 Figures for overseas visitors are taken from M&Gs' published and unpublished annual reports and accounts.
- 5 Figures for the total number of staff are taken from DCMS 2024-25 annual report and accounts and represent the total number of permanently employed staff at the museum or gallery in 2024-25. Figures may differ from those in M&Gs' annual reports and accounts.
- 6 The V&A museum site in Dundee is operated as a separate charity to the main V&A museum group but is included in the total number of V&A sites.
- 7 In addition to its 75,000 items, Royal Armouries has 500,000 archive items and 65,000 library items.
- 8 Tate Liverpool was closed for redevelopment in late 2023, re-opening in smaller, temporary accommodation during the work.
- 9 In addition to its 1,704,000 objects, the V&A has 1,200 archive items and 1,130,000 library items.

Source: National Audit Office analysis of Department for Culture, Media & Sport- (DCMS-) sponsored museums' and galleries' documents, DCMS annual report and accounts, and GOV.UK

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