

The Economic Impact of Museums in England

For Arts Council England





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ACKNOWLEDGEMENTS	1
SECTOR DEFINITION	2
EXECUTIVE SUMMARY	4
1. INTRODUCTION	6
1.1 RESEARCH CONTEXT	6
1.2 THE CHALLENGE OF MEASURING THE ECONOMIC IMPACT OF THE SECTOR	7
1.3 AIMS AND OBJECTIVES	7
1.4 DIRECT IMPACT METHODOLOGY	8
1.5 INDIRECT IMPACT METHODOLOGY	10
2. DIRECT ECONOMIC IMPACT	13
2.1 GENERATING INCOME	13
2.2 OVERVIEW OF DIRECT IMPACT	14
2.3 EMPLOYMENT, ORGANISATIONS AND SITES	16
2.4 INCOME AND OUTPUT	17
2.5 RATIO OF PUBLIC SECTOR GRANTS TO OTHER INCOME	19
3. INDIRECT ECONOMIC IMPACT	20
3.1 PROCUREMENT	20
3.2 VISITOR SPEND	20
3.3 ENGAGEMENT WITH LOCAL REGENERATION, ECONOMIC DEVELOPMENT AND PLACE-MAKING	22
3.4 ENGAGEMENT WITH BUSINESSES AND BUSINESS SUPPORT	25
4. CONCLUDING REMARKS	27

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Sector definition

The following definition was agreed in consultation with Arts Council's cross sector museums group, members of which include: the Museums Association, the National Museum Directors' Council, the University Museums Group, the Heritage Lottery Fund and the Association of Independent Museums.

Unless otherwise stated, throughout the report the museum types are presented in alphabetical order as per the following list, with ancillary organisations included as the final type reflecting the often supporting nature of activity within this group.

Museums are institutions that collect, safeguard and make accessible artefacts and specimens, which are held in trust for society. This includes:

- **Armed forces museums** include regimental museums¹ and armouries². The museums collate and preserve Britain's aviation, military and naval heritage and are often managed by the armed services.
- **DCMS funded museums** are funded by central government through the Department of Culture, Media and Sport (DCMS). They are generally larger institutions that hold collections considered to be of national importance.
- **English Heritage (EH) properties** (with museum accreditation) comprise buildings and monuments of historic interest, many of which also hold collections inside. They are managed by English Heritage, a non-departmental public body of the UK government.
- **Historic Royal Palaces**, defined as those run by the independent charity of that name.
- **Independent museums** are owned by registered charities and other independent bodies or trusts. They are not funded directly by the state but may receive support through government programmes. This category includes museum trusts that were formerly local authority museums.
- **Local authority museums** are those owned and run by town, parish, borough, city, or county councils and other Local Authority bodies. They generally house collections that reflect local history and heritage.
- **MOD funded museums** the national museums for all armed forces funded by the Ministry of Defence (MOD).
- **National Trust (NT) properties** (with museum accreditation) are similar to English Heritage properties, but are owned and run by the National Trust, an independent charity. The National Trust remit extends to historic houses and gardens, castles, industrial monuments and social history sites, as well as areas of natural beauty.
- **Non-EH and NT stately homes and historic houses** (with museum accreditation) with collections of paintings and/or furniture.
- **University museums** are those owned and managed by universities and their collections often relate to specific areas of academic interest.
- **Ancillary organisations** such as trusts, foundations and trading companies which are associated with museums.

The definition includes art galleries with collections of works of art, as well as museums with historical collections of objects. This covers:

- Galleries as museums, where the gallery holds a permanent collection (for example Birmingham City Museum & Art Gallery) and/or is funded as an Arts Council Major Partner Museum.
- DCMS funded galleries, which hold collections (as in National Gallery or Tyne & Wear Museums and Archives)
- Historic houses with collections of paintings, furniture etc. (for example, Charles Dickens/Handel House Museum, Blenheim Palace)

¹ Many regimental museums are independent in governance terms and therefore could be described as Independent Museums. Some may be part of/allied to other institutions, for example the Fleet Air Arm Museum, which is independent and part of the National Museum of the Royal Navy.

² It is also noted that armouries are not necessarily allied with regimental museums. The Royal Armouries/National Museum of Arms and Armour is a DCMS funded museum.

The definition excludes:

- Commercial art galleries
- Galleries that are funded as an Arts Council Visual Arts National Portfolio Organisation.

Where a museum or gallery has an archive as part of its operation is included. However, archives as separate organisations are excluded. For example, the National Archives is not included.

Executive summary

Introduction

To date, existing research on the impact of museums has tended to focus heavily on social and learning impact rather than economic. Economic research has been undertaken, but this tended either to consider impact at a local level, or deliver national estimates on the size and shape of the sector combining museums with archives and libraries³.

In 2013 the Arts Council published *The contribution of the arts and culture to the national economy*, the first national analysis of the economic contribution of the activities within the Arts Council's remit⁴. Whilst it had originally been intended that the museums sector would be covered by the review, methodological challenges meant that it could not be. As such, the key aim of this project has been to address the issues raised in the 2013 report and determine a methodology to estimate the direct economic impact of the museums sector in England.

This report encompasses the full range of museum types providing, for the first time, an analysis of all museums operating across England. The research also considers the full range of income-generating activities that a museum undertakes and includes *all* of these in the calculation of total income (and therefore also economic output), including fundraising, grants and donations. It is recognised that this varies from the methodology used in the Annual Business Survey to calculate approximate gross value added figures, where grants and donations are excluded on the grounds that they are transfers of value and not made in exchange for a good or a service. However, the view taken in this study is that grants and donations to museums are, on the whole, very much in exchange for the services they provide and as such should be included.

Direct economic impact

In order to deliver the estimate, data on individual museums have been drawn from a range of sources and aggregated in order to deliver robust quantification of the following variables:

- **Organisations and sites:** Organisations represent each individual museum entity; sites are all of the locations from which the museum operates.⁵
- **Employment:** There was a degree of inconsistency in the employment data available. Some sources provided a headcount of employees, others a Full Time Equivalent (FTE). As such, the estimate is a minimum figure for a head count of total employment in the sector.⁶
- **Income:** Captures all income received by the museum, including trading income, fundraising, donations and grants-in-aid.
- **Economic output:** The calculation used in this project = expenditure on wages + the profit/surplus before tax + expenditure on depreciating assets.

Figure 1 below provides an overview of the key indicators:

Figure 1: Museum sector direct economic impact headlines



Source: TBR 2013 (Ref: W1/S1)

³ For example, Creative & Cultural Skills The Footprint 2012/13 and DCMS Creative Industries Economic Estimates 2014

⁴ Excluding libraries, which were to be covered by a separate piece of research.

⁵ For example, the Imperial War Museum is one single organisation, but operates across five sites: Imperial War Museum, Imperial War Museum North, Imperial War Museum Duxford, the Churchill War Rooms and HMS Belfast.

⁶ It should be noted that understanding overall levels of volunteering was not an objective of this study.

As shown in Table 1 below, in terms of organisations, sites and employment, the study finds that Independent museums make up the largest proportion of the museum footprint. However, DCMS funded museums, local authority museums and the supporting ancillary organisations contribute a greater proportion of total income and economic output.

Table 1: Breakdown of direct economic impact by museum type

Museum Type	Sites	Organisations	Employment	Total Income (£bn)	Economic Output (£bn)
Armed Forces Museum	145	140	715	£0.03	£0.02
DCMS Funded Museum	40	15	5,530	£0.57	£0.52
English Heritage	35	35	305	£0.02	£0.01
Historic Royal Palaces	5	0	770	£0.07	£0.05
Independent	1,640	1,620	16,425	£0.70	£0.37
Local Authority Museum	245	245	3,415	£0.24	£0.16
MOD Funded Museum	5	5	310	£0.04	£0.01
National Trust	125	125	1,790	£0.09	£0.04
Non-EH/NT Historic Houses	35	30	235	£0.02	£0.01
University Museum	55	50	1,140	£0.08	£0.05
Ancillary Organisations	390	370	7,530	£0.76	£0.22
Total museum sector	2,720	2,635	38,165	£2.64	£1.45

Source: TBR 2013 (Ref: W1/S4)

The main national sources granted £0.66bn of funds to the sector in 2012/13. As such, the sector is estimated to generate £3 of income (including earned income, income from investments, grants from charities and foundations, and donations etc.) for each £1 of public sector grant.⁷

Indirect economic impact

In order to complement the national data on direct impact, the study also explored the local indirect economic impacts of museums through a detailed literature review and a programme of six case study interviews.

The literature review found the most frequently cited indirect economic contributions of museums include: tourism, place-making, regeneration, local economic development, learning and skills, community development; along with health and wellbeing, environment and climate change, and cultural diplomacy. It also found that the evidence of the actual economic impact of museums was not strong, except in the case of tourism.

The case studies indicate museums have a number of routes by which indirect economic impact may be achieved. These routes come in the expected forms of procurement (which tends to be focused on local suppliers), visitor spend (which is more significant for some locations than others), and place-making and regeneration (where museums and heritage offers have been significant elements of a development). But the routes to impact noted in the case studies also come in the unexpected forms of indirect impact such as collaborative business partnerships and economic spill-overs through co-location.

⁷ Total income in the sector may include income for museums that were not in receipt of any public sector grants in 2012-13; resulting in an overstatement of the leverage of public sector grants to income from other sources.

1. Introduction

1.1 Research context

Museums are a core part of our cultural life. Figures from the Department for Culture, Media and Sport (DCMS) show that over half of adults (53%) had visited a museum or gallery in the last year, more than at any time since 2005⁸. Data also show that overseas visitors increased from 13.9m in 2008/9 to 18.7m in 2011/12⁹, further demonstrating the strong and continued demand for, and use of, our museums.

Existing research on the impact of museums has tended to focus heavily on the social and learning impact rather than economic. For example the Museums Association work in 2013 on public attitudes towards museums¹⁰ found that respondents felt that museums played a vital role in society, with an impact much wider than just at the individual level¹⁰. Similarly the Happy Museum Project has sought to demonstrate the qualities of cultural institutions that can foster individual and communal well-being and create a more sustainable society¹¹.

Economic research has been undertaken, and sought to identify direct and indirect impact such as multiplier effects associated with investment in museums and the resulting attraction of other services to the area (such as hotels, bars and restaurants). However, doubts remain about how such measurements are made, as it can be difficult to argue that other retailer or attractions locate themselves within the same locality purely because of new investment or opening of a museum.

To date, estimates on the size and shape of the museums sector have been predominantly provided in combination with either archives or libraries. The most recent data available from Creative & Cultural Skills is from 2012/13, which puts the sector (museums and archives) at 530 organisations, approximately 32,000 employees and a gross value added of £4.2billion¹². However, data from the Inter-Departmental Business Register (IDBR) provide a figure of 890 museums¹³. In January of this year the latest DCMS Creative Industries Economic Estimates put a figure of 108,000 on employment in museums, galleries and libraries.¹⁴

Understanding the economic impact of museums has been brought into sharper focus with the development of government policy on the creative industries, the role of culture in regeneration 'place making', and the challenging economic climate. Whilst local level economic impact studies have been undertaken¹⁵, toolkits developed¹⁶ and museums have been involved in festival and event studies¹⁷ a detailed quantification of the impact of museums had not been attempted prior to Arts Council England's and National Museum Directors Council *Contribution of the Arts and Culture to the National Economy* report¹⁸. However, the project encountered methodological difficulties which mean that the final report did not ultimately estimate the impact of the museums sector.

As museums face the challenge of generating new business models and seek new partnerships with potential funders, understanding their economic impact and contribution is essential to articulating their value alongside social and learning impact.

⁸ DCMS (2013) Taking Part 2013/14 Quarter 4

⁹ <https://www.gov.uk/government/publications/annual-performance-indicators-2011-12>

¹⁰ BritainThinks (2013) Public perceptions of – and attitudes to - the purposes of museums in society A report prepared by BritainThinks for Museums Association.

¹¹ <http://blog.artscouncil.org.uk/blog/arts-council-england-blog/happy-museum-project#sthash.SJh4cXKF.dpuf>

¹² <http://creative-blueprint.co.uk/statistics/reports/industry-statistics>

¹³ IDBR (2011) UK Business Counts - Local units for SIC 9102 : Museum activities

¹⁴ DCMS (2014) Creative Industries Economic Estimates

¹⁵ http://webarchive.nationalarchives.gov.uk/20120215211001/research.mla.gov.uk/evidence/documents/bolton_main.pdf

and more recently <http://www.eitoolkit.org.uk/>

¹⁶ http://almauk.files.wordpress.com/2010/09/alma-uk-economic-impacts-project-stage-1_final-report.pdf

¹⁷ http://www.liv.ac.uk/impacts08/Publications/Economic_Impact_of_Visits.pdf

¹⁸ <http://www.artscouncil.org.uk/news/arts-council-news/economic-contribution-arts-and-culture-report-publ/>

1.2 The challenge of measuring the economic impact of the sector

As noted above, in 2013 the Arts Council published *The contribution of the arts and culture to the national economy*, the first national analysis of the economic contribution of the activities within the Arts Council's remit¹⁹. Whilst it had originally been intended that museums would be covered by the review, the following key issues meant that it could not be:

1. The analysis was being undertaken using data from the Office for National Statistics' (ONS) Annual Business Survey (ABS), which uses Standard Industrial Classification (SIC) codes to describe the components of the sector. Whilst a code exists for museums (91.02 Museum Activities) the study concluded that the ABS offered insufficient coverage of the range of museums operating (500 in contrast to approximately 2,000 noted in other sector sources).
2. When calculating approximate gross value added (aGVA) in the ABS, the standard procedure for the ONS²⁰ is to include turnover but exclude grants and donations²¹ received by organisations. As such, the aGVA figure for SIC 91.02 in the ABS is a negative value. This is problematic for the museums sector, since a significant proportion of its income is in the form of grants and donations.
3. Museums are not single organisational entities, rather they are a combination of activities (the museum, retail, food/beverage, education and so on) often delivered through separately registered organisations (such as trusts and trading companies). The output of these separate organisations is then accounted for in different SIC codes.

The key aim of this project has therefore been to address these issues and determine a methodology to estimate the direct economic impact of the museums sector in England.

1.3 Aims and objectives

Taking into account the context and research challenges, the aim of this study was to develop a clear, robust and evidence-based understanding of the contribution that museums make to the national economy. The focus was on an assessment of direct impact and the delivery of accurate figures on the size of the sector. This covered:

- Identifying the most appropriate method of measuring the direct economic impact of the museums sector, addressing the challenges identified in the Arts Council's previous *Contribution of the arts and culture* report research.
- Quantifying the direct contribution of museums to the economy, using measures such as GVA, income, and employment, including trends where possible.
- The ratio of public investment compared to other income in the museums sector.

In order to complement the national data on direct impact, a secondary aim of the project was to explore the local indirect economic impact of museums. This was delivered through a programme of case study interviews covering:

- Volunteering.
- Visitors and visitor spend.
- Supply chain expenditure.
- Spill-over effects of publicly funded museums and commercial activity.
- Museum investment as a catalyst for regeneration.

¹⁹ Excluding libraries, which were to be covered by a separate piece of research.

²⁰ What is approximate gross value added (aGVA)? <http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2012-revised-results/info-agva.html>

²¹ The value of any grants, donations, legacies, investment income and general funding (including fundraising e.g. European, Local Education Authority and government grants/funding) received.

1.4 Direct impact methodology

Picking up from *The contribution of the arts and culture to the national economy*, a preliminary step was to consider issues identified in the previous study (discussed in section 1.2, page 7) and undertake further review of data available from ONS. This clarified some important points to take forward in the approach to this project:

- The population source used for the ABS is an HMRC list of organisations that are registered for PAYE²² and VAT²³ and identify themselves under SIC 91.02. This would mean that any very small museums not using either of these systems would not be included. Local Authority delivered museum services would also not be included, as they would be covered under Public Administration.

If we consider that SIC 91.02 therefore captures only the very largest and some of the medium sized museums, the figure of 545 museums feels more realistic. However, this clarified that it would be essential to use data sources to identify museums individually and build an estimate from the bottom up.

- Following the method used in the ABS, the previous report excluded any income from grants and donations on the grounds that they are 'transfers of value'²⁴. This assumes that all donations are gifts, payments made not in exchange for a good or a service. However, this is contrary to the nature of funding in the sector; grants and donations to museums are, on the whole, very much made in exchange for the services they provide and therefore should not be excluded, but included as a tacit payment, with public subsidy treated as a membership payment for all citizens, rather than as a transfer payment. Consequently in this study, the view taken is that *all* income should be included in calculations of income and output.
- The organisational structures that museums use to manage and deliver their services can indeed be complex, spanning a range of sites across the country and often routing commercial activity through ancillary trading entities. Any approach to measurement must therefore also be able to capture this additional activity.

1.4.1 The approach taken

The following section provides a summary of the approach taken to provide the measurements in this report and the variables used. A detailed description is provided in the separate technical report.

In summary, the steps taken were:

1. Develop a master database of museums operating in England by drawing together and de-duplicating the various directories available against the sector definition.
2. Integrate data on employment, income and output for each individual record, where available.
3. Use this sample of data to estimate employment, income and output for remaining records where raw data were not available.
4. Aggregate data in order to provide a sector estimate.

Table 2 below provides an overview of the sources of data for each element of the sector footprint.

²² Pay As You Earn <http://www.hmrc.gov.uk/payerti/getting-started/payee-basics.htm>

²³ Value Added Tax <http://www.hmrc.gov.uk/vat/>

²⁴ CEBR for Arts Council (2013) *The contribution of the arts and culture to the national economy* p.15

Table 2: Data sources used

Museum type	Source of population/master list	Data source(s) for employment, income & output
Armed forces museums	Museums listed in Ogilby Trust directory	Arts Council Accreditation returns Trends Central Resource (TCR)/Companies House
DCMS funded museums	Museums in receipt of DCMS funding	TCR/Companies House cross checked with the Annual Accounts for each organisation
English Heritage (EH) properties	Houses/sites that are accredited museums	Arts Council Accreditation returns TCR/Companies House MA Yearbook
Historic Royal Palaces	Historic Royal Palaces Enterprises Ltd	TCR/Companies House cross checked with the Annual Account
Independent museums	AIM membership list, Charities Commission, MA Yearbook, TCR, Arts Council accreditation list	Arts Council Accreditation returns or Major Partner Museums data TCR/Companies House MA Yearbook
Local Authority museums	Museums in receipt of DCLG funding to deliver a museum service	Department for Communities and Local Government MA Yearbook
MOD museums	Three main forces museums	TCR/Companies House cross checked with the Annual Accounts for each organisation
National Trust (NT) properties	Houses/sites that are accredited museums	Arts Council Accreditation returns TCR/Companies House MA Yearbook
Non EH and NT stately homes and historic houses	Houses/sites that are accredited museums	Arts Council Accreditation returns TCR/Companies House MA Yearbook
University museums	Museums that are accredited and based in a University	Arts Council Accreditation returns TCR/Companies House
Ancillary organisations associated with museums	TCR/Companies House, Charities Commission	TCR/Companies House

The variables used are as follows:

- Organisations and sites:** Given that some museums are large enough to operate across multiple locations, it was essential to differentiate between organisations, which represent each individual museum entity, and sites, which are all of the locations from which the museum operates. For example, the Imperial War Museum is one single organisation, but operates across five sites: Imperial War Museum, Imperial War Museum North, Imperial War Museum Duxford, the Churchill War Rooms and HMS Belfast.
- Employment:** There was a degree of inconsistency in the employment data available. Some sources provided a headcount of employees, others a Full Time Equivalent (FTE). As such, this is a minimum figure for a headcount of the total number people employed in the sector.

Where data were not available, we have calculated the median employment by region and museum type, and used this average to fill the gaps.

It is important to note that whilst it is recognised that volunteers play an important role in staffing museums, it was not the objective of this study to produce a figure for the national level of volunteering. However, volunteers were covered in the indirect impact case studies.

- **Income:** Captures all income received by the museum, including trading income, fundraising, donations and grants-in-aid.

Where data were not available, total income per employee was calculated for each museum type using the sample data available. This was multiplied by the employment of each museum in order to fill gaps.

- **Economic output:** The output calculation used in this project echoes the income method to calculating GDP. Output = the expenditure on wages + the profit/surplus before tax + the expenditure on depreciating assets. This approach is recognised by ONS and other economic organisations. However, in recognition that it varies from the methodology used to calculate aGVA in the ABS, the research specifically does not refer to this measure as gross value added, but as economic output (or simply, 'output').

Where data were not available, to estimate output the total income was compared with output for those businesses that had both financial measures. From this a ratio of output to turnover was calculated for each museum type (i.e. DCMS Funded Museums, Independents, etc.). These ratios were then multiplied by the estimated turnover in order to fill gaps.

The nature of Local Authority museums meant that it was necessary to treat them slightly differently to the other museum types. Operating as departments within a Local Government, it wasn't possible to obtain a comprehensive listing of museums. However, it was possible to obtain a listing of all LAs in receipt of funding from DCLG for Local Government Revenue Outturn returns for museums and galleries. As such, Local Authority museums are not individual records within the database. Rather, separate data is used to estimate the size of this element, combining income information from DCLG and employment information (for LAs expending money on a service) from the MA Yearbook. To calculate the economic output of Local Authority museums the overall output to total income ratio for all museums was applied to the total income figure for Local Authority Museums.

Section 2 (from page 13) in this report presents the main findings of the economic impact assessment.

1.5 Indirect impact methodology

In addition to providing an estimate of museums direct economic impact, the brief asked for a review of spill-over or indirect effects from museum activities. In response to this requirement, a review of academic and 'grey' literature on museums' indirect economic impact was carried out and six case studies were developed, to illustrate how different types of museums achieve economic impact at local as well as national level.

The literature review found the most frequently cited indirect economic contributions of museums include: tourism, place-making, regeneration, local economic development, learning and skills, community development; along with health and wellbeing, environment and climate change, and cultural diplomacy. It also found that the evidence of the actual economic impact of museums was not strong, except in the case of tourism. The full literature review is available as a separate document.

Given the difficulties associated with establishing robust evidence of museums' economic impact, identified by the literature review, the case studies focused on the following discrete and narrowly defined routes to achieving indirect economic impacts:

- Procurement
- Visitor spend
- Engagement with local regeneration, economic development and place-making
- Engagement with businesses and business support.

In order to collect evidence of museums' economic impact, including their indirect impact, the case studies explored the following themes²⁵:

- Organisational structure
- Number and location of sites
- Types of economic activities undertaken
- Annual turnover 2008/09, 2010/11, 2012/13
- Breakdown of main sources of income 2008/09, 2010/11, 2012/13
- Number of employees 2008/09, 2010/11, 2012/13
- Number of volunteers 2008/09, 2010/11, 2012/13
- Number of visitors 2008/09, 2010/11, 2012/13
- Percentage of visitors from outside England and/or outside the local area 2008/09, 2010/11, 2012/13
- Estimated onsite spend-per-visitor 2008/09, 2010/11, 2012/13
- The museum's approach to/policy on procuring goods and services from local suppliers and/or suppliers based in England
- The percentage of the museum's spend that goes to local suppliers of goods and services and/or suppliers of goods and services based in England
- Museum engagement with local business development initiatives
- The museum's economic impact on local businesses over and above formal trading relationships
- The museum's engagement with local/regional/national regeneration initiatives
- The museum's impact on local regeneration/local economy.

Case studies were identified in order to cover museums:

- with different legal statuses
- with different organisational structures
- of different scales and economic footprints²⁶
- operating single and multiple sites
- located in different parts of England.

The following six case studies were selected (listed alphabetically):

- Beamish: the living museum of the North, selected as a large independent museum, with a proven track record in developing commercially viable ideas, successful use of volunteers and working with others museums in the sector, particularly in rural areas.
- Chatham Historic Dockyard, selected as a large, independent museum and highly commercially driven, despite a level of public funding.
- Imperial War Museum, selected as a national museum operating multiple sites of importance to local economies. In addition there is a cluster of related businesses at Duxford which have

²⁵ It is important to note that the nature of the museum drove the case study and therefore each is not covered consistently. I.e. Some themes are of greater significance for some museums and therefore are covered in more detail.

²⁶ Given the resources available the decision was taken to cover only medium and large museums in the case studies as, in line with the objective of the study, these were likely to have a larger impact to explore.

important (but non-pecuniary) relationship with the museum that don't show up in official statistics.

- The Tank Museum, selected as a large independent museum (c 160K visitors pa) receiving some public funding from MOD and ACE. Located in rural Dorset and is a tourist destination.
- Tyne & Wear Museums & Archives, selected as a service with cross-boundary arrangements across four Local Authorities via a joint committee, plus two University museums managed as part of partnership arrangements.
- York Museums, selected as an ex Local Authority museum service given trust status, exploring whether the organisation's role in the local/wider economy has changed as its business status has changed.

Section 3 (from page 20) in this report presents an overview of the findings drawn from literature review and case studies, with extracts to exemplify points. The full case studies are set out in a separate document.

2. Direct economic impact

2.1 Generating income

Prior to presenting the data on economic impact, Table 3 below considers the activities undertaken by museums in order to generate income. The list reflects the full range of a museum's potential operational activities, over and above visitors viewing collections.

The approach taken in this study (described in section 1.4) is to classify all income-generating activities as within scope, and therefore all of the following activities are included as part of the calculation of direct economic impact. It should be noted that not all museums undertake all of these activities; rather this list reflects the scope of activities undertaken across the sector.

Table 3: Range of income-generating activities undertaken by museums

Type	Activity description
Museum	The entity through which management and viewing of the collection is undertaken. This is where revenue from visitors accessing the collections would be accounted for.
Professional services	The sale of the skills and knowledge of staff to other organisations. For example, consultancy services, bid writing, project management.
Research	Undertaking, and participation in, research contracts/projects.
Learning	The delivery of learning services for payment by individuals, groups or other organisations.
Food & drink/catering	Food and beverage service activities. The sale of prepared food and drink in a café/restaurant/bar environment, corporate entertainment.
Retail	The retail sale of non-consumable items.
Venue hire	The hire of spaces within the museum for a fee for individuals or organisations. For example, conferences/weddings/corporate events.
Events	Promotional events organised to generate revenue for the institution. For example, festivals/fairs, concerts, family days, themed days.
Filming	Use of the venue for the purpose of filming E.g. TV/Motion Pictures.
Publishing & printing	Publishing of books, journals and other written material, either in physical or electronic format and the printing of images. ²⁷
Image rights/photographic rights	The licensing and sale of images and photographic rights.
Apps and other media	Sale of apps and other media directly linked to the organisation.
Friends/membership groups	Friends/members groups linked to the museum.
Fundraising	Fundraising and development projects directly linked to the museum, including regular activities and 'one-off' projects.
Property and land	Renting and leasing of property/land owned by the museum or trust.
Leveraging assets	The leveraging/monetisation of assets/collections through another business function. E.g. artefacts available for hire, touring exhibitions, derivative designs and intellectual property

It is also noted that some sites included other entertainments, such as rides, amusements or other visitor attractions, un-related to the collection(s), which also generated revenue.

²⁷ For some, this may extend to wholesaling of printed materials.

2.2 Overview of direct impact

Table 4 (below) and Figure 2 (over) provide a detailed breakdown of the main indicators by museum type. As can be seen, perhaps more easily in Figure 2, Independent museums make up a large proportion of the museum footprint in terms of sites, organisations and employment. However, the Independent share of the footprint reduces in total income and output, where ancillary organisations, DCMS funded museums and local authority museums contribute a greater proportion.

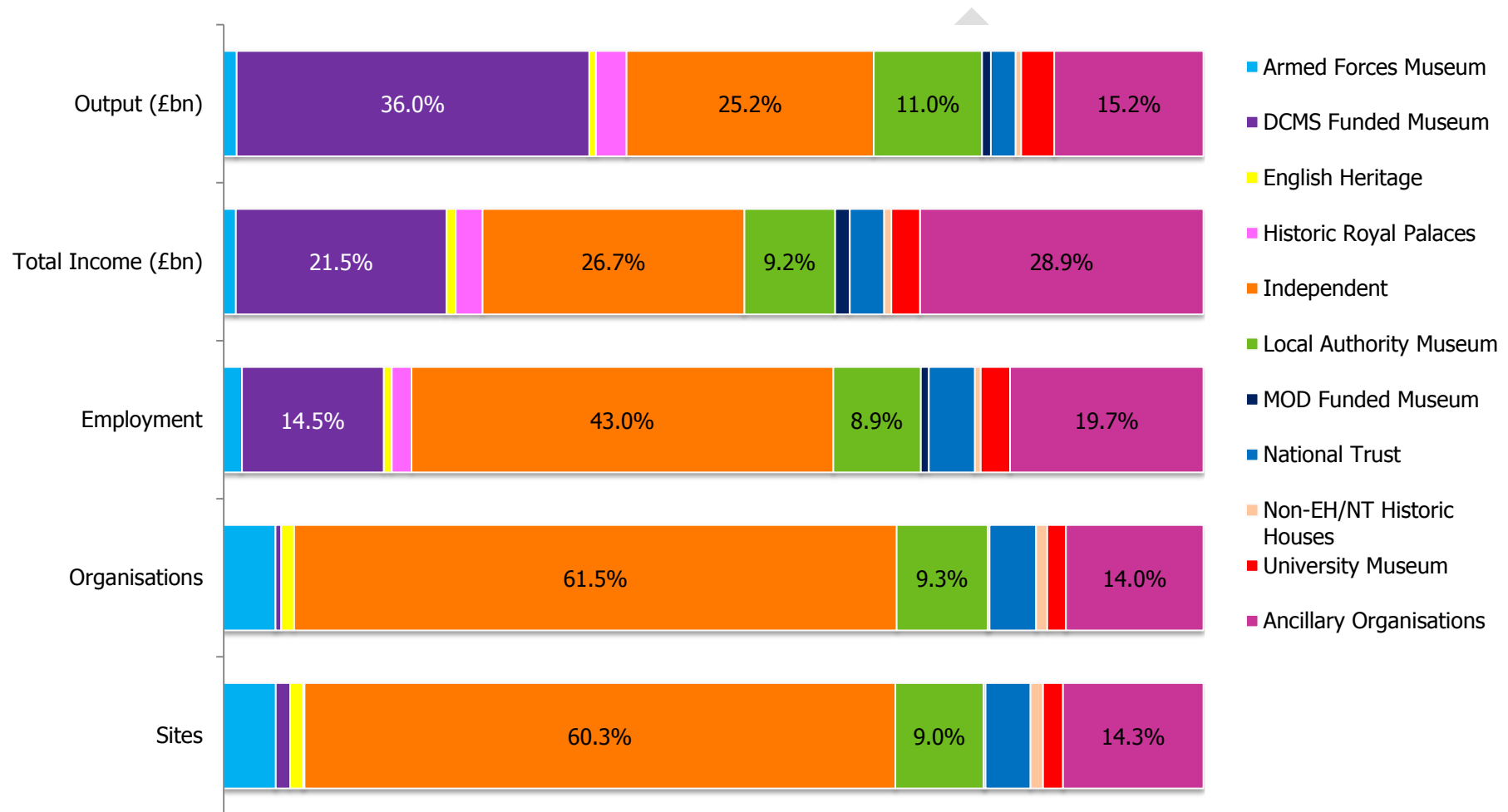
Table 4: Breakdown of direct economic impact by museum type

Museum Type	Sites	Organisations	Employment	Total Income (£bn)	Economic Output (£bn)
Armed Forces Museum	145	140	715	£0.03	£0.02
DCMS Funded Museum	40	15	5,530	£0.57	£0.52
English Heritage	35	35	305	£0.02	£0.01
Historic Royal Palaces	5	0	770	£0.07	£0.05
Independent	1,640	1,620	16,425	£0.70	£0.37
Local Authority Museum	245	245	3,415	£0.24	£0.16
MOD Funded Museum	5	5	310	£0.04	£0.01
National Trust	125	125	1,790	£0.09	£0.04
Non-EH/NT Historic Houses	35	30	235	£0.02	£0.01
University Museum	55	50	1,140	£0.08	£0.05
Ancillary Organisations	390	370	7,530	£0.76	£0.22
Total museum sector	2,720	2,635	38,165	£2.64	£1.45

Source: TBR 2013 (Ref: W1/S4)

Figure 2: Proportionate distribution of direct economic impact by museum type

Note: The museum types read left to right across each bar, in the same order as the legend reads from top to bottom.



Source: TBR 2013 (TBR Ref: W1/C1)

2.3 Employment, organisations and sites

As shown in Table 4 and Figure 2 above, across England there are 2,635 organisations, running 2,720 museum sites and employing a minimum of 38,165 people.²⁸ Table 5 below provides an overview of the distribution by museum type for each of these indicators. As might be anticipated, Independent museums make up the largest share of each category.

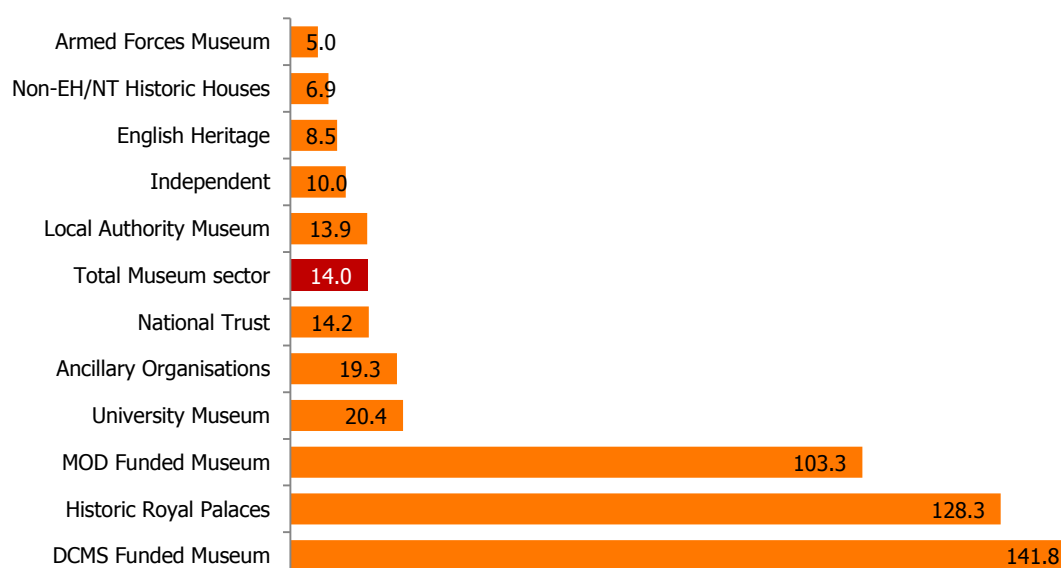
Table 5: Sites, organisations and employment by museum type

Museum Type	Sites	Organisations	Employment
Armed Forces Museum	5%	5%	2%
DCMS Funded Museum	1%	1%	14%
English Heritage	1%	1%	1%
Historic Royal Palaces	0%	0%	2%
Independent	60%	61%	43%
Local Authority Museum	9%	9%	9%
MOD Funded Museum	0%	0%	1%
National Trust	5%	5%	5%
Non-EH/NT Historic Houses	1%	1%	1%
University Museum	2%	2%	3%
Ancillary Organisations	14%	14%	20%
Total Museum sector	100%	100%	100%

Source: TBR 2013 (Ref: W1/S4)

Figure 3 below provides an overview of the mean average employment for each museum type, sorted in ascending order and including the average for the total sector. Whilst the Independents make up a large proportion of sites and employment, this is a proliferation of small museums. In contrast, the DCMS and MOD funded museums and the Historic Royal Palaces are large employers.

Figure 3: Average employment per museum site



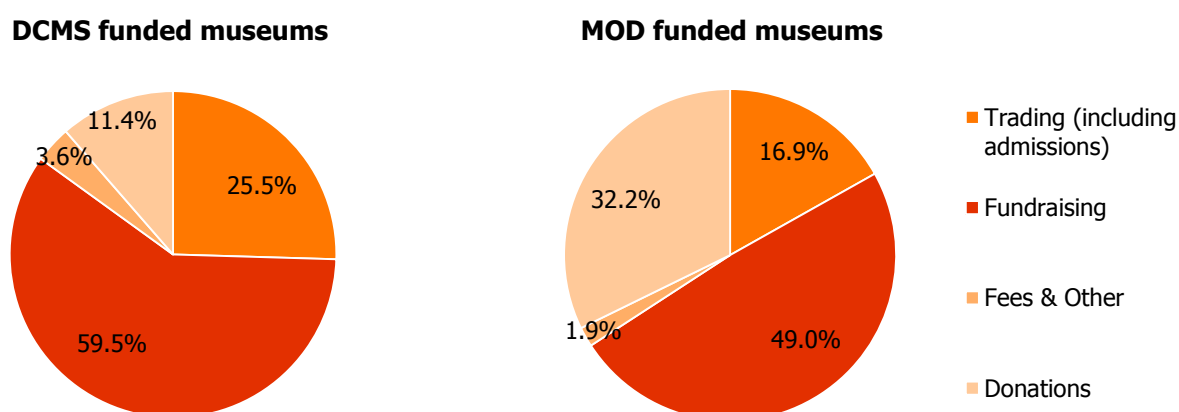
Source: TBR 2013 (Ref: W1/C4)

²⁸ As described in section 1.4, a challenge in the research was the inconsistency of the employment data available. Some sources provided a headcount of employees, others a Full Time Equivalent (FTE). As such, this is a minimum figure for a headcount of the total number of people employed in the sector.

2.4 Income and output

As previously noted, the view taken in this study is that *all* income generated and received by museums should be included in the analysis, on the basis that this is tacit payment made or raised for membership or to deliver services. This view is reinforced by the data in Figure 4 below, which shows that the 88% of funding for DCMS funded museums and 68% for MOD funded museums comes from a combination of trading, fundraising and fees.

Figure 4: Sources of income for DCMS and MOD funded museums



Source: Data drawn from the 2012/13 annual accounts for each organisation (TBR Ref: W1/S5)

The argument could be made that donations should be excluded. However, in practice donations also serve to underpin the activities of the museum and the services provided, and as such there is a strong case that they should be included.

Table 6 below provides a breakdown of the total income and output generated across the sector, by type of museum and the average figures for income and output per employee. In total £1.45bn in economic output is generated by the museums in England.

Table 6: Income and output by museum type

Museum Type	Total Income (£bn)	Total Output (£bn)	Total Income Including ancillary (£bn)	Total output Including ancillary (£bn)
DCMS Funded Museum	£0.57	£0.52	£0.79	£0.61
University Museum	£0.08	£0.05	£0.08	£0.05
Armed Forces Museum	£0.03	£0.02	£0.05	£0.02
MOD Funded Museum	£0.04	£0.01	£0.06	£0.02
Historic Royal Palaces	£0.07	£0.05	£0.07	£0.05
English Heritage	£0.02	£0.01	£0.03	£0.01
National Trust	£0.09	£0.04	£0.09	£0.04
Non-EH/NT Historic Houses	£0.02	£0.01	£0.05	£0.01
Independent	£0.70	£0.37	£1.17	£0.49
Local Authority Museum	£0.24	£0.16	£0.24	£0.16
Ancillary Organisations	£0.76	£0.22	n/a	n/a
Total Museum sector	£2.64	£1.45	£2.64	£1.45

Source: TBR 2013 (Ref: W1/S4)

Three museum types make a major contribution (combined 77%) to total sector income of £2.64bn:

- Ancillary organisations (£0.76bn, 29%)
- Independent museums (£0.70bn, 27%)
- DCMS funded museums (£0.57bn, 21%)

The same three contribute 76% of the £1.45bn output, but in slightly different proportions:

- DCMS funded museums (£0.52bn, 36%)
- Independent museums (£0.37bn, 25%)
- Ancillary organisations (£0.22bn, 15%)

These figures highlight the important role played by the ancillary organisations in creating value in the sector. However, if the income and output generated by these organisations is dispersed according to the type of museum they are associated with, the effect is simply to reinforce the dominance of the DCMS funded and Independent museums:

- DCMS funded museum income increases to £0.79bn (30% of the total) and output increases to £0.61bn (42% of the total).
- Independent museum income increases to £1.17bn (45% of the total) and output increases to £0.49bn (34% of the total).

At this point it is useful to bring into the analysis a perspective on per employee income and output. Table 7 (below) re-introduces the employment figures for each sector and shows that whilst the income and output generated by the Independent and DCMS museums may be similar, the levels of employment are not. The significantly higher number of people working in the Independent sector means that the per-employee measures of income and output are much lower.

Table 7: Income and output and per employee by museum type

Museum Type	Emp	Total Income per Employee (£k)	Output per Employee (£k)	Emp Including ancillary	Total Income per Employee Including ancillary (£k)	Output per Employee Including ancillary (£k)
DCMS Funded Museum	5,530	£102.4	£94.7	7,530	£105.1	£80.5
University Museum	1,140	£67.2	£43.0	1,155	£67.7	£42.9
Armed Forces Museum	715	£46.5	£27.0	875	£55.8	£27.6
MOD Funded Museum	310	£127.6	£42.1	540	£106.7	£34.2
Historic Royal Palaces	770	£94.0	£59.4	770	£94.0	£59.4
English Heritage	305	£79.3	£31.8	335	£81.0	£31.5
National Trust	1,790	£51.5	£20.6	1,805	£51.9	£20.7
Non-EH/NT Historic Houses	235	£82.2	£34.0	505	£98.4	£28.6
Independent	16,425	£42.9	£22.3	21,235	£55.2	£23.0
Local Authority Museum	3,415	£71.4	£47.0	3,415	£71.4	£47.0
Ancillary Organisations	7,530	£101.3	£29.4	n/a	n/a	n/a
Total Museum sector	38,165	£69.0	£38.1	38,165	£69.0	£38.1

Source: TBR 2013 (Ref: W1/S4)

2.5 Ratio of public sector grants to other income

As noted above, total income (including grants, income from investments and earned income) for the whole museum sector in England (including local authority museums) in financial year 2012-13 is estimated at £2.64bn (see Table 4, page 14).

As shown in Table 8 below, the value of public sector grants to museums in England in the financial year 2012-13 is estimated at £0.662bn.²⁹

Table 8: Summary of public sector grants to museums 2012-13

Source of public sector grant to museums	Value of public sector grant 2012-13 ³⁰
DCMS grant-in-aid to 15 museums	£340m
ACE grants to 16 museums and museum groups	£23.5m
HEFC grants to 26 accredited museums	£9.8m
Local authority funding to 245 museum services	£185m
MoD funding to 3 Forces Museums	£18.9m
Heritage Lottery grants to 174 projects	£85m
Total	£662.2m

Sources:

- DCMS figures taken from Annual Report and Accounts 2012-13, p. 102
- Arts Council Major Partner Museum funding for 2012-13 provided by ACE
- Higher Education Funding Council Museum Funding Allocations for 2013-13
- Local authority data taken from DCLG returns for 2012-13 (total expenditure less earned income and income from other sources)
- Ministry of Defence grant-in-aid figures taken from Annual Accounts 2012-13 of the National Army Museum, National Museum of the Royal Navy, Royal Air Force Museum. We were unable to obtain data on MOD funding for regimental and corps museums.
- Heritage Lottery investment in museums in England in 2012-13, provided by the Heritage Lottery Fund

Thus, the museum sector is estimated to generate £3 of income (including earned income, income from investments, grants from charities and foundations, and donations etc.) for each £1 of public sector grant.³¹ Furthermore, given output generated by the museum sector in England in 2012-13 is estimated at £1.45bn (see Table 4, page 14), the ratio of public sector grant to output is estimated at £1:£2.20.

²⁹ We were unable to ascertain levels of state support for some types of museum (e.g. museums supported by English Heritage); therefore this figure understates the likely overall figure.

³⁰ Rounded to one decimal place.

³¹ Total income in the sector may include income for museums that were not in receipt of any public sector grants in 2012-13; resulting in an overstatement of the leverage of public sector grants to income from other sources.

3. Indirect economic impact

The following section explores the indirect impact of museums, considering:

- Procurement
- Visitor spend
- Regeneration and place-making
- Engagement with business and business support

The section draws on a detailed literature review and six case study interviews. Extracts from the case studies are provided throughout the section to exemplify points. The full case studies and the literature review are available as separate documents.

3.1 Procurement

Most case study sites did not operate formal policies favouring local, English or British suppliers. There appears to be two main reasons for this. First, institutions seek the best value for money, regardless of suppliers' locations. Second, where they are public bodies, legislation requires they do not discriminate against suppliers from elsewhere in the EU. It was, however, noted that local sourcing could be an indirect effect of operating environmental and sustainability principles, such as those included in the sustainability tool promoted by Arts Council England, *Julie's Bicycle*³². Furthermore, Chatham Historic Dockyard Trust does seek to buy locally where possible – for both strategic and pragmatic reasons. Case studies found that not all museums analyse data on where their suppliers are located; but some do, sometimes as part of research on their local economic impact.

Beamish: the living museum of the North spent a total of £2,350,000 in the financial year 2012-13 on goods and services (excluding staff). It estimates that approximately 70% of its' spend is local: this includes trade with small firms and its employment of contractors. The total direct, indirect and induced impact of its' spend has been estimated at £2,905,188.

Chatham Historic Dockyard commissioned independent research that estimated 70% of its expenditure was spent in south-east England. The Trust estimates that it spent £2.5m a year on capital/construction projects from 2000-01 to 2010-11. On that basis, independent researchers estimated the Trust's investment of £11.5m between 2008-9 and 2010-11 equated to 10 permanent FTEs and that they would have supported 78 further jobs and £206,000 spending in Medway, plus 52 jobs and £901,000 of spending in the rest of Kent.

Tyne & Wear Museums & Archives, in 2012-13, spent £9.4m on goods and services (including staff) in Tyne & Wear and a further £2.9m on goods and services from elsewhere – in other words over three-quarters of its spend was spent locally.

3.2 Visitor spend

VisitEngland identifies heritage as a key motivator for visits to the UK.³³ Museums are of major importance to this offer, particularly in London where they constitute a core part of the culture and heritage offer. Furthermore, Heritage Lottery Fund research suggests that heritage-based tourism was worth £26.4bn to the UK economy in 2011; £5.8bn higher than the previous estimate, based on 2007 figures.³⁴ As previously noted, research evidence is strongest with regard to museums' economic impact via tourism and spending by visitors. All case study sites recorded the number of visitors and some also collected information on the proportion of visitors who were local, day visitors, overnight visitors and, in some cases, overseas visitors. Case study sites recognised that at the national level, additional economic impact is related to spending by overseas visitors; but highlighted the importance to their local

³² <http://www.juliesbicycle.com/resources/ace-npos>

³³ VisitEngland (2013) Domestic Leisure Tourism Trends for the next Decade
http://www.visitengland.org/Images/VISIT_ENGLAND_REPORT_PRINT_tcm30-39493.pdf

³⁴ Oxford Economics (2013) *The Economic Impact of the UK Heritage Tourism Economy*.
http://www.hlf.org.uk/news/Documents/EcoImpactHeritageTourism2013_07.pdf

economies of attracting visitors from elsewhere in England and the UK and the potential importance of retaining spending by those who have stayed in the UK for their holidays rather than going abroad.

As well as considerable variation between case studies with regard to the numbers of visitors and the average spend-per-visitor, visitor figures and visitor spend for some of the case study sites show considerable variation between the years 2008-09, 2010-11, and 2012-13. The variations are due to a number of factors, including closures for re-development or repairs and maintenance (that reduced visitor numbers) and successful developments of 'offers' that attracted additional visitors. The following case studies provide examples of how museums generate local economic impact from visitor spend; they do not offer evidence of trends in visitor numbers or in visitor spending.

Imperial War Museum

IWM operates five sites (IWM London, Churchill War Rooms, HMS Belfast – both in London, IWM North, and IWM Duxford). Total visits for all five sites averages over 2 million a year with around one-third of visitors coming from overseas. However, the scale of visitors and the share of visitors from overseas vary considerably between sites – with more overseas visitors than UK visitors going to the Churchill War Rooms and around only 10% of IWM North's visitors coming from overseas. Visitor-spend averaged £4.47, £4.61 and £5.24 in 2008-09, 2010-11, and 2012-13. But spend-per-visitor varied considerably between sites – from £1.33 per visitor at IWM North (which is free to enter) to £11.33 at Churchill War Rooms (which operates an admission charge). Each year, the Imperial War Museum estimates the economic-value of its visitors' spending. It produces estimates for each of its branches as well as an aggregate figure for England. It bases its estimates on spending by visitors grouped into three categories: local visitors,³⁵ day visitors, and overnight visitors. Spending by visitors in each of these three categories is estimated using data cited in the Association of Independent Museums' Economic Value Toolkit³⁶ (which in turn draws on figures produced by Visit England). The table below sets out estimates of spending by local, day, and overnight visitors in regions with branches of the Imperial War Museum.

Spend per visitor by type of visit – Imperial War Museum

Region	Local	Day	Overnight
London	£21.50	£42.99	£88.76
North West	£19.07	£38.14	£63.88
East of England	£21.50	£42.99	£46.80

Source: Visit England³⁷

The table below provides a summary of the value of visitor spend at the Imperial War Museum in the financial years 2008-09, 2010-11, and 2012-13 – IWM London and HMS Belfast were closed for parts of financial year 2012-13.

Value of visitor spend at Imperial War Museum Branches

Branch	2008/09	2010/11	2012/13
IWM London	£38,975,581	£60,333,586	£41,181,893
IWM North	£6,712,936	£6,792,800	£9,769,366
IWM Duxford	£10,355,058	£11,260,325	£11,060,751
Churchill War Rooms	£16,600,751	£20,410,796	£22,677,310
HMS Belfast	£8,983,716	£9,559,231	£9,050,563
Total	£81,628,041	£108,356,738	£93,739,883

Source: Imperial War Museum

³⁵ Local is defined as the following local authority districts: Southwark and Lambeth for IWM London, Salford and Trafford for IWM North, Cambridgeshire for IWM Duxford, Westminster for Churchill War Rooms, and Southwark and Lambeth for HMS Belfast.

³⁶ http://www.aim-museums.co.uk/content/research_papers/

³⁷ <http://www.visitengland.org/insight-statistics/major-tourism-surveys/>

Tyne & Wear Museums & Archives

The table below shows DCMS data on total visitors to TWAM’s museums for the three financial years 2008-09, 2010-11 and 2012-13, plus the percentage of visitors from the local area, its wider region, the UK and overseas, and the average gross spend per visitor.

Visitor figures and visitor spend at TWAM

	2008-09 ³⁸	2010-11	2012-13
Visitors	1,518,092	2,023,249	1,740,863
From Tyne & Wear	62%	74%	70%
From the wider North East	13%	11%	16%
From the UK	21%	13%	11%
From overseas	4%	2%	3%
Gross spend-per-visitor	£0.375	£0.33	£0.36

Sources: DCMS Museums and galleries monthly visits³⁹ and TWAM

The data show a relatively low level of spend-per-visitor and that a relatively small proportion of visitors come from overseas (which implies a relatively limited additional economic impact at the national level from spending by visitors to TWAM’s museums).

In order to understand – and to demonstrate – its overall economic contribution, TWAM commissions independent research. In 2012, it published independently produced research that estimated daily spend of local visits at £7.75 and average daily spend on longer visits at £31.04; with an average daily spend per visit of £12.48.⁴⁰

York Museums

York Museum Trust carries out market research annually that shows 60% of its visitors are visitors to York. York Museums received just over 500,000 visitors in 2008-09, over 640,000 in 2010-11 and 565,000 in 2012-13. Visitor numbers have fluctuated for a number of reasons including closures for re-development at Yorkshire Museum and York Art Gallery. Target admission and secondary spend per head is set each year. Average admission and retail spend per visitor has ranged from £3.51 in 2008-09 to £3.29 in 2010-11 to £3.87 in 2012-13.

3.3 Engagement with local regeneration, economic development and place-making

A recent survey of local authorities explored the value that they placed on arts and culture; economic development emerged as the main reason for them to fund culture⁴¹. Museums can play a number of roles in some local economic development and regeneration strategies and projects, often linked to place-based developments or place-making efforts. As well as providing a destination to attract visitors, museums can provide a development with a sense of identity and authenticity. ‘Authenticity’ has been identified as key to the success of independent museums located in place-based development projects, as well as for the developments themselves. According to Bill Ferris, Chatham Historic Naval Dockyard, the developments and the museums depend on ‘authentic heritage assets with a strong sense of their purpose and their part in the regional economy, and a total commitment to historical accuracy... helping

³⁸ It should be noted that one of the largest museums with free entry, the Great North Museum, was closed in 2008-09, which has the effect of reducing the number of non-paying visitors to TWAM’s museums, and which produces a slightly higher average spend-per-visitor than might otherwise have been the case.

³⁹ <https://www.gov.uk/government/statistical-data-sets/museums-and-galleries-monthly-visits>

⁴⁰ BOP Consulting, *Economic Impact Assessment Tyne and Wear Archives & Museums*, November 2012

⁴¹ Mansfield C (2014) *On with the show Supporting local arts and culture*

<http://www.nlgn.org.uk/public/2014/local-authorities-must-find-new-ways-to-champion-the-arts/>

to restore local pride and identity'⁴². Examples of museums' engagement with and importance to local regeneration and place-making activity drawn from some of the six case study sites are provided below.

Chatham Historic Dockyard

Chatham Historic Dockyard Trust was established in 1984 when the Royal Navy left the River Medway and the Chatham Dockyard after 400-years of shipbuilding and repairs. The site was divided into three: the Historic Dockyard, Chatham Docks and Chatham Maritime, one of the largest urban regeneration sites in Europe. The Historic Dockyard site was a gift from government to the charity accompanied by an initial government investment of £11m; estimated to be half of the sum required (at 1984 prices) to make buildings and structures wind and weather tight.

The 80-acre Historic Dockyard comprises the Georgian Yard, which has 100 listed buildings, 47 of which are Scheduled Ancient Monuments. This was set aside for preservation under the Trust's stewardship.

In response to the loss of jobs resulting from the Dockyard's closure, the Trust became a leading player in the on-going regeneration of Medway and the Thames Gateway, its social and economic well-being and the development of the creative industries.

The Trust is engaged directly and indirectly in local and regional regeneration initiatives and plays an important role in changing perceptions of the area. The Trust's partnerships with the Imperial War Museum and the National Maritime Museum are considered particularly important in raising the area's profile and in changing perceptions of Chatham as a post-industrial town.

The Trust's use of heritage to support development and attract people to live, work and invest in the area fits strategically with local policy across Medway and Kent, including Medway's *Economic Development Strategy*, *Cultural Strategy*, and *Sustainable Communities Strategy*. It also supports the aims of the South East Local Enterprise Partnership that succeeded SEEDA.

In carrying out its mission, the Trust operates four wholly owned subsidiaries:

- Chatham Historic Dockyard (Trading) Ltd, which operates retail, catering, corporate hospitality, weddings, conferences, and corporate training.
- Historic Dockyard Properties Ltd. The residential estate comprises 115 properties - both historic and new build.
- Master Ropemakers Ltd. Ropemaking has been undertaken on site for 400 years. Continuing to make rope on the site using the historic infrastructure is considered an invaluable and iconic part of the Trust's education and preservation objectives.
- Historic Dockyard Properties (2005) Ltd owns a 999-year lease on some land owned by the Trust, which was originally earmarked for commercial development to provide funds to the Trust via Gift Aided sale proceeds. Following the change in market conditions after the recession, the company entered into an agreement with the Homes & Communities Agency (HCA), to undertake restoration and infrastructure works on its land that will facilitate development of adjoining sites in HCA ownership. It has exchanged rights of way, a land transfer and agreed a beneficial package of works (including the conservation of monuments and historic environment that will add value to the adjoining sites) resulting in payments totalling £3m. These works form part of a larger project, *Command of the Oceans*.

The Trust receives income from admissions, as well as from film location sales, props and commercial properties. These relate to its charitable purpose of preserving its building stock through its strategy of 'preservation through reuse'. It also generates income from schools education and public funding, also related to its charitable purposes.

The Dockyard has 100+ short-lease business tenants.⁴³ These range from the University of Kent to those renting individual storage units. The Dockyard contains a creative industries cluster (which includes hi-

⁴² Ferris, B., (2010) Reconnecting heritage and the visitor economy in HLF (2010) *Investing in success. Heritage and the UK tourism economy*
http://www.hlf.org.uk/aboutus/howwework/Documents/HLF_Tourism_Impact_single.pdf

tech design companies, artisan brewers and a blacksmith). These are based throughout the Dockyard estate with a group at the Joiner's Shop where the Basepoint Business Centres⁴⁴ provide over 10,000 square feet of serviced commercial accommodation. This development of 41 business units was originally funded by SEEDA (South East England Development Agency, 1999-2012). Rental from these tenancies is passed through the charity's accounts because it is accepted as charitable income by Charities Commission, as it derives through the strategy of preservation through reuse.

In 2012 the University of Kent, after a long but limited relationship with The Trust opened its School of Art in the Dockyard, which was estimated would bring 650 students to the site. This complements the new multiversity development at the neighbouring Chatham Maritime site. The University's holding is growing with increasing space taken on a leasehold basis, attracting considerable investment as well as rental return.

The tables below set out employment (in full-time equivalent jobs) linked directly to the Trust, annual turnover, a breakdown of income and visitor numbers and average visitor spend for the years 2008-09, 2010-11 and 2012-13.

Number of employees at Chatham Historic Dockyard

	2008/09	2010/11	2012/13
Chatham Historic Dockyard Trust Ltd	112	133	133
Chatham Historic Dockyard (Trading) Ltd	18	23	27

Source: Companies House

Annual turnover of Chatham Historic Dockyard

	2008/09 (£)	2010/11 (£)	2012/13 (£)
Chatham Historic Dockyard Trust Ltd	10,458,874	7,722,091	5,807,382
Chatham Historic Dockyard (Trading) Ltd	465,483	783,258	827,183

Source: Companies House

Chatham Historic Dockyard income by source

Source	2008/09 (£k)	2010/11 (£k)	2012/13 (£k)
Property income	1,544	1,831	1,994
Visitor income	799	1,139	1,215
Ropemaking	486	533	315
Trading & investment income	990	841	949
Renaissance / ACE	1,118	875	321
Other grants & donations	5,522	2,503	1,013
Total income	10,459	7,722	5,807

Chatham Historic Dockyard visitor figures

	2008-09	2010-11	2012-13
Total no of visits	151,646	171,858	159,234
Spend per visitor	£4.44	£4.18	£5.52

These Trust-specific figures show significant progress in the Trust's work to regenerate the area. Furthermore independent research published in 2012 estimated 336.5 FTE jobs in tenanted business at the Dockyard.

⁴³ <http://www.thedockyard.co.uk/Property>

⁴⁴ <http://www.basepoint.co.uk/locations/chatham>, Basepoint is wholly owned by a charitable trust, [The ACT Foundation](#), whose mission is to "ACT to enhance the quality of life for people in need".

Beamish: the living museum of the North

Beamish is involved with various regional and national bodies, including the North East Local Economic Partnership, ANEC (Association of North East Councils) and ACE – all of whom are vital in the development of culture/tourism in the North East – a priority for the creation of jobs and ‘smart, inclusive growth’. It is involved with the Chamber of Commerce, and works with the private sector. For instance, it is working in partnership with local engineering firms to develop apprenticeship schemes including Siemens, the German electronics group, based on Tyneside.

Imperial War Museum

IWM North was developed as part of a formal regeneration initiative at Salford Quays. The museum is co-located with arts centre, The Lowry, and its presence has assisted the wider development of the area, which has seen the development of Media City and the relocation of a number of BBC functions, including BBC Sport, BBC Children's TV and Radio 5 Live. IWM North is also considering development of an educational offer based on digital archiving and visitor experience at IWM North; the offer would build on digital expertise associated with the Media City development.

3.4 Engagement with businesses and business support

Although the literature review did not flag up as particularly significant museums’ relationships with businesses in their area, case studies revealed some important relationships between museums and local businesses, over and above contractual arrangements associated with the provision of goods and services and place-based regeneration projects. Two of the case studies serve to illustrate the point that museums can work with local businesses as partners, to the economic benefit of all parties, and to the benefit of the wider local economy.

IWM Duxford

The Imperial War Museum makes positive economic contributions to local economies that are beyond the reach of national-accounting methodology and analyses of the effects generated by the spending of the Museum’s staff and suppliers. As part of its landlord activities, the Imperial War Museum operates partnership arrangements with a number of companies and charities associated with IWM Duxford. Fighter Collection, Historic Flying Limited, Old Flying Machine Co, Classic Wings, and Catalina Limited occupy space owned by the Museum and, in return for the use of this space, they participate in air shows and/or give the Museum a share of the revenues they earn, e.g. from leisure flights taken by visitors to IWM Duxford. The cluster of firms at IWM Duxford is directly linked to the museum and provides employment, as well as volunteering opportunities, that might not otherwise exist. Furthermore, IWM Duxford has plans to develop a 100-room hotel, which should increase its own income, as well as further stimulate economic activity around Duxford.

Tyne & Wear Museums & Archives

TWAM is aware of the importance of an area’s cultural offer to the wider business community, for example, in helping them to attract and retain staff. Given this shared interest in the area’s cultural offer, TWAM operates *Connect through Culture*, a network which has 20 members from a wide range of private sector businesses. Members of *Connect through Culture* can take part in bespoke team-building and volunteering activities. TWAM also engages local business representatives on its Development Trust Board and engages regularly with regional and local chambers of commerce.

The Tank Museum

The Tank Museum has a number of significant trading relationships that enable other businesses to achieve their goals. In 2012, the Tank Museum, signed an exclusive agreement with a computer war-games maker that could generate income of £600,000 over 5 years and provide a further in-kind contribution worth around £400,000 – as the games company will promote the Museum world-wide as part of the agreement. The Tank Museum also works with a model maker – generating itself income of around £50,000 over the last five years and enabling the model maker to generate employment and value. Furthermore, the Tank Museum has an arrangement with a publisher of manuals – the deal provides the museum some income and publicity, as well as a product for the publisher. It also has a partnership with a specialist magazine whereby it promotes the Museum and the Museum promotes the magazine.

Thus, while the literature review highlights the paucity of evidence on the economic importance of museums, except with regard to tourism and visitor spending, the case studies indicate museums have a number of routes by which indirect economic impact may be achieved. These routes come in the expected forms of procurement (which tends to be focused on local suppliers), visitor spend (which is more significant for some locations than others), and place-making and regeneration (where museums and heritage offers have been significant elements of a development). But the routes to impact noted in the case studies also come in the unexpected forms of business partnerships, some of which are explicit commercial relationships that generate income for museums, while at the same time enabling others to generate employment and value (e.g. computer games), and some of which are related to the economic spill-overs associated with clusters of activity (e.g. aviation, aeronautics and hospitality at IWM Duxford). The partnership and in-kind nature of some of this activity is difficult to capture in a systematic way, and simply does not form part of what statisticians seek to measure when the measure national income; however, that does not mean they are not economically important.

4. Concluding remarks

The museums sector covers a broad range of organisational types and models, from large organisations with commercial trading subsidiaries, to departments within Local Authorities, to [what are effectively] small businesses. This diversity leads to a complicated economic picture, which has long challenged those responsible for sector development. However, with the completion of this research, the sector is now in a position to understand its performance, overall and across its constituent parts.

The insight on the size and scale of the sector presented in this report can be used to positively inform policy decisions and benchmark performance. A crucial step has been taken to move from a position where museums are seen as a negative value in economic terms, to one which recognises the full contribution made by the way museums leverage income, in the broadest sense of the term. The value of the sector is clear – a contribution of £1.45bn in economic output and the generation of an estimated £3 for every £1 of public sector grant.

For the first time, it is also possible to reflect on consistent comparisons of performance across museum types. For example, it is interesting to note that the only museums that have an above average output per employee (for the sector) are those which receive core funding from a public source as part of their fundraising. Whilst in part this is an obvious outcome (most are large institutions in receipt of more money; therefore are likely to spend more on wages to service (and manage) a considerable operation and may have a greater surplus, core elements of the output calculation), the question it raises is – how much of an improvement in performance and output could there be across the rest of the sector if core funding was more evenly distributed? It will be important to reflect on and consider the implications of new findings such as this.

The key aim of this research was to overcome the methodological challenges identified in *The Contribution of the Arts and Culture to the National Economy*. The project has successfully achieved this and delivered an estimate of the economic footprint of the museums sector. However, it is important to consider a number of challenges in the approach and what this means for future research:

- **Lack of trend data.** It had initially been the ambition of the study to provide trends in the key indicators. However, it rapidly became clear that information is simply not collected and reported sufficiently to enable this.

The data available from the Arts Council Accreditation process is one of the best sources of data on a large cross section of museums. As such, it would be useful to consider how this data can be optimised to track trends.

- **Lack of regional breakdowns:** Whilst not an explicit objective of the study, it was desirable to include a regional breakdown of the figures. This was not possible for two main reasons: first, whilst the larger museums (such as Tate, IWM) have sites across the country, all data is recorded and reported centrally; there is no disaggregation of turnover or staffing across the sites. Secondly, many of the museums on the database did not have full address details. It is clear they are in England, but not always exactly where.

It is possible that regional breakdowns could be estimated in the future. However, this was outside of the scope of this study.

- **Lack of a single source of data on museums.** A single authoritative list of the museums operating in England does not exist. The study relies on the currency of the data sources from which the list of museums was drawn. It is feasible that some museums are missing from the database of 2,720 and indeed that some which are on the databased have ceased to operate. However, the figure of 2,720 is consistent with sector perspectives on the number of museums and therefore is considered a satisfactory best estimate.

Having to draw on various sources of data significantly increases the resource required to deliver the analysis. It would be feasible to repeat the same study in future years. However, exactly the same process would need to be repeated and as such there is not the usual time saving efficiency that would normally be the case with an update.

- **Mixture of employment head count and FTE.** A frustration in the data was inconsistency of employment reporting. Various data sources use a head count, others Full Time Equivalent (FTE), others use both, though with no way of knowing which figures are reported. For this reason the employment figure must be considered as a minimum estimate of headcount employment.

Going forward, it would be useful to encourage a sector standard of reporting both figures. As such, either could then be used accordingly.

- **Measuring Local Authority museum services.** Providing estimates for employment and organisations/sites managed by Local Authorities is extremely challenging. Departments are not organised in a consistent manner across Authorities, with employees sometimes split across functions, with neither employment headcounts, FTEs, or information on the number of sites supported reported back to DCLG. In the absence of a definitive list of Local Authority museums, the organisation and site counts were set to the number of Local Authorities that have expended money on a museum service. Without a change in the way data are reported to DCLG, it is difficult to see how this would be resolved.