

museum issues

A Review of Scotland's Industrial Museums and Heritage Sites



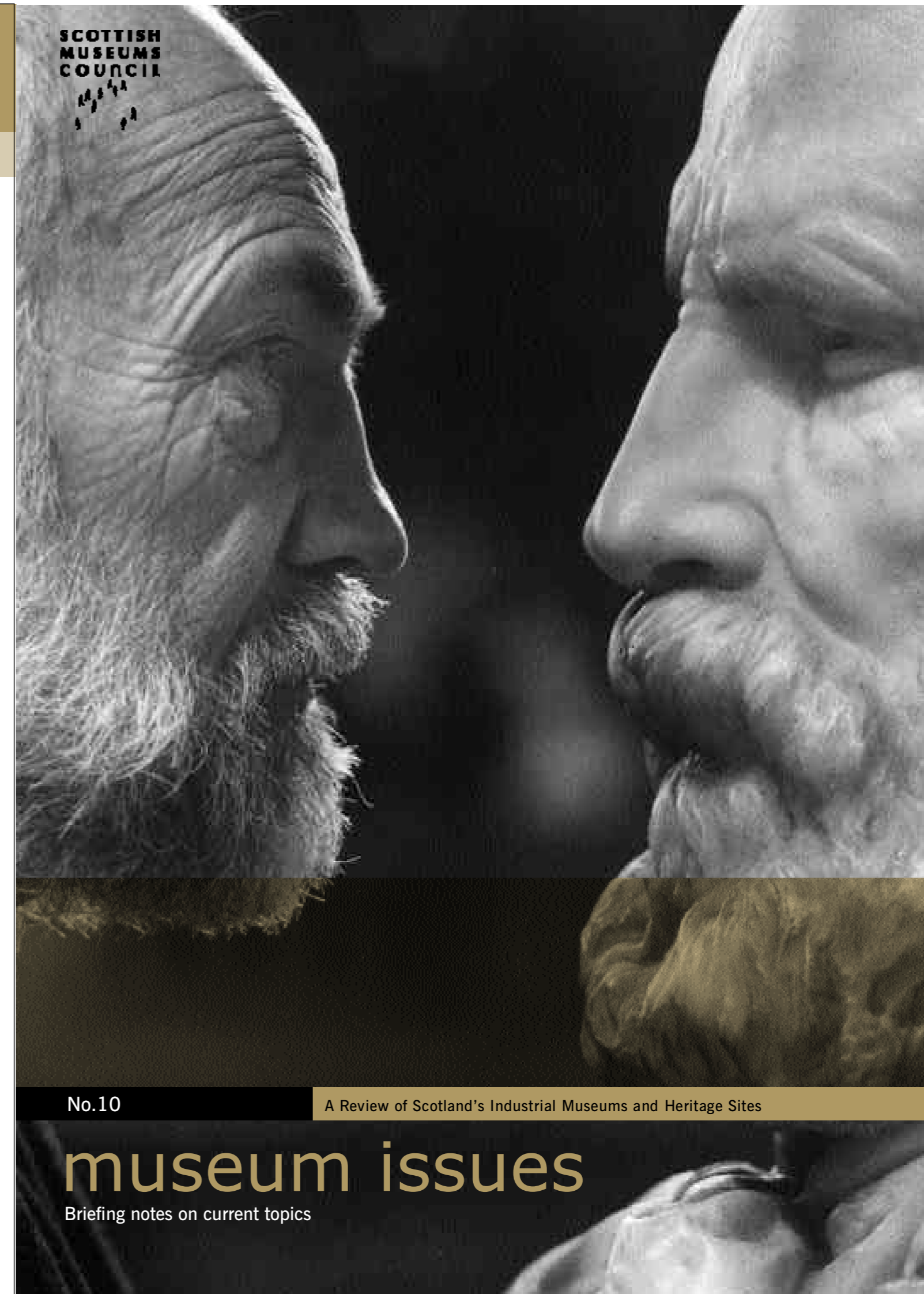
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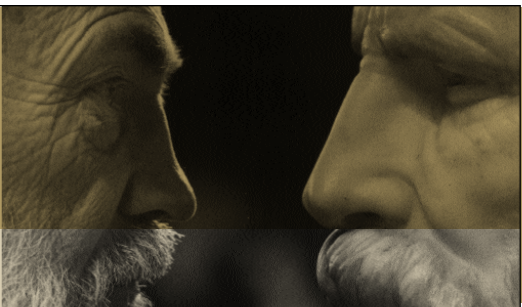
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Introduction

In recent years a number of museums have been set up in Scotland to maintain the industrial heritage which was such an important part of this country's historical development. These museums aim to preserve, restore and give public access to this heritage so that the future can be informed by knowledge of the past. They have an important role to play in many aspects of present-day Scotland.

Most of these museums are run as independent trusts. They were almost all set up by a group of enthusiasts who successfully raised public money to buy a site, restore a building, and bring together a collection. These funds came from sources such as the Manpower Services Commission, Development Corporations, European schemes and the lottery.

Many of the trusts have found it hard to break even once the museum opened. Several have already run into financial difficulties, and on two occasions only short-term emergency funding from the Scottish Executive has saved a museum from closure. It would of course be possible to leave market forces to do their work. But the public has invested large sums in these museums and so has an interest in protecting this investment. The question addressed by this research summary is how best to do this.

The Scottish Museums Council, Scottish Tourist Board, Scottish Enterprise and National Museums of Scotland jointly commissioned a review of the present position from David Pattison Associates and accountants Scott Moncrieff. The consultants were asked to look at each museum, both now and in the future, to establish:

- 01 What are the museums’ core responsibilities?
- 02 How well are the museums fulfilling these responsibilities at the moment?
- 03 How ought the museums to be fulfilling these responsibilities?
- 04 How much could commercial activities contribute?
- 05 How much public funding would be needed to keep the museums operating at the proper level?
- 06 What are the museums’ future options in the face of severe financial constraints?

The following museums agreed to take part in the review.

- Almond Valley Heritage Centre, Livingston
- Dunaskin Open Air Industrial Museum, Dalmellington
- Verdant Works and Discovery Point, Dundee, both run by Dundee Industrial Heritage Trust
- Museum of Leadmining, Wanlockhead
- New Lanark Conservation Trust
- Scottish Fisheries Museum, Anstruther
- Scottish Maritime Museum, with sites in Irvine, Dumbarton and Braehead
- Scottish Mining Museum, Newtongrange
- Scottish Railway Museum, Bo’ness, with different parts run by the Bo’ness Development Trust, the Scottish Railway Preservation Society and the Scottish Railway Museum Trust.

The term ‘museums’ in this document includes both museums and heritage sites.

to keep alive
to preserve
to restore
to give access

01

What are the museums’ core responsibilities?

The museums serve the public interest by:

→ Preserving heritage buildings and collections for future generations

Historic buildings are an important element of the visitor attraction at most of the museums. Sixty three per cent of Scotland's museums are housed in historic buildings, which brings an additional financial burden in terms of maintenance, restoration and security.

The collections themselves range from large pieces of machinery, railway engines and ships to minerals and furniture. Most of these museums have important collections which they have a duty to restore, document and make as accessible as possible to the public. Many of the collections are unique, and simply could not be replaced.

→ Giving access to the public for general enjoyment and education

Generating public enthusiasm for and appreciation of Scotland's industrial heritage is central to the museums' work. The buildings and collections must be fully accessible and visitor facilities kept up to minimum standards.

Although admission fees are an important source of income, the scale of charges has to be consistent with the museums' commitment to maximum access for everyone.

01

The museums have an important role in helping people to understand the context of the buildings and collections. This means presenting information in a way that is easy to grasp, carrying out research into related topics, dealing with enquiries, lending items to other organisations and developing the use of computers for remote access.

→ Promoting research into the country's industrial heritage

Deepening our understanding of the industrial past through scholarship and publication and contributing to learning initiatives at all levels.

→ Looking after public money responsibly and ploughing any profits directly back into the above activities

All of the trusts recognise that it is not enough to simply set up a museum. They have to market the museum effectively, raise funds to meet costs, monitor and report on performance to meet legal requirements, and recruit and train suitable staff to meet their core responsibilities.

This wide range of responsibilities means that the museums are very much more than just visitor attractions.



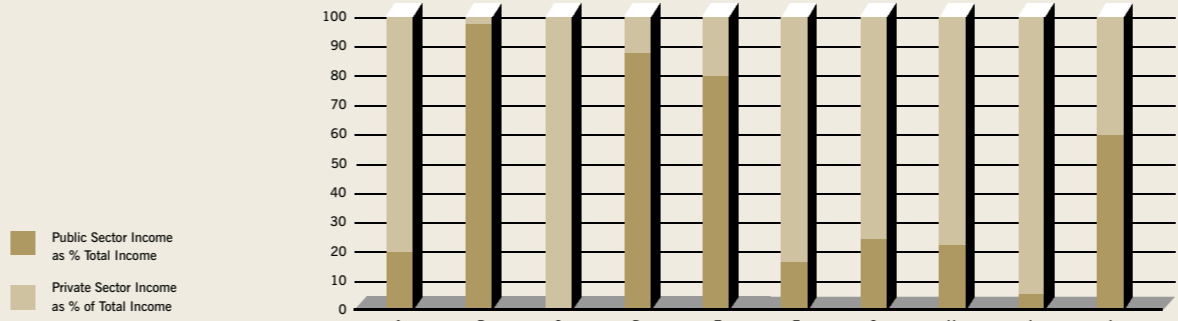
above
Dalmellington
Iron Works.

right
RRS Discovery,
Dundee.



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Scotland's Industrial Museums and Heritage Sites

- A Almond Valley Heritage Trust
- B Bo'ness Development Trust
- C Dalmellington and District Conservation Trust
- D Scottish Maritime Museum Trust Limited
- E The Scottish Mining Museum Trust
- F New Lanark Conservation Trust
- G The Scottish Fisheries Museum Trust Limited
- H Wanlockhead Museum Trust
- I The Scottish Railway Preservation Society
- J Verdant Works

02

02 How well are museums meeting their core responsibilities at present?

On balance, it looks as if the *museums are struggling to fulfil their core responsibilities* and some are close to failing in certain areas. The research found:

- Staff costs as a percentage of total expenditure range from 38% to 65%. This is higher than at commercial visitor attractions, but these museums have a much wider range of responsibilities. None are overstaffed.
- Faced with financial problems, the museums try to increase earned income and reduce staff costs. Staff who directly generate income are more likely to keep their jobs but having to lose the other staff means that the museums are less and less able to fulfil their core responsibilities. In most museums key posts have either been frozen or simply cut.
- At present the museums are trying to fulfil their core responsibilities by asking staff to cover several roles. Curatorial, education and marketing responsibilities have to be shared. For instance, there is only one full-time education officer and five full-time marketing or commercial staff across all the museums. One museum has to use trainees as curators.

03 | 04

How should these museums be meeting their core responsibilities?

This research showed that there is currently no objective way to judge how well a museum is meeting its core responsibilities, since there is no general agreement on what activities fulfil the responsibilities, the minimum level of activities and the performance measures to be used.

Nevertheless, looking at the relatively high staff costs as a percentage of total expenditure gives some idea of the investment in expertise needed to run the museums.

How much could commercial activities contribute?

Earned income varies from 11% of total income to 77%, but for many museums this percentage has gone down over the past five years. None of the museums is anywhere near being able to meet their running costs from earned income.

Income from admission fees and commercial activities obviously depends upon the number of visitors and what they spend. The level of admission fees has to be consistent with the museums' commitment to access for everyone while staying competitive in the market. The review finds little scope for raising ticket prices.

None of these museums appears in the top 20 paid visitor attractions in Scotland. The museums have to compete with other visitor attractions, such as science centres and leisure multiplexes. Visitor attractions do not share the need to meet the core responsibilities outlined above or the costs associated with them. Visitor numbers have gone down over the past few years at several of the museums and only New Lanark can attract more than 100,000 visits a year.

Some outside agencies are urging the museums to attract more tourists in order to draw money into the region. However, the main markets are actually day visitors and people from the local area taking part in education activities. So the museums need to increase the number of *repeat visits*. This means that providing all-weather facilities and organising special events are high priorities.

Events and functions such as children's parties have proved popular at some of the museums. These kinds of activities boost visitor numbers and income. However, they take a lot of staff time to organise.

Exhibitions on a theme linked to the museum can encourage both repeat visits and new visitors. They cost more money but can sometimes attract sponsorship. They can happen only if staff have enough time to create and manage such exhibitions and find the sponsorship.

05

The review suggests that there is room for improvement in increasing the amount spent on retail and catering.

The museums also require more effective marketing in the face of fierce competition from other forms of visitor attraction. The review found only 5 full-time marketing staff across all these museums and this function is often shared with other responsibilities. While the museum's marketing budgets are not far from the 10% average of income in tourism businesses, for some of the smaller museums this means spending £5,000 to £10,000, which is just too low. Furthermore, some of these budgets come from short-term grants. When the grants run out, the problems will be even worse.

Any improvements would not be immediate and even if all the museums earned the industry median of £1.60 for retail and £1.46 for catering, they would only make around £236,000 between them. The extra income would therefore still not be enough for the museums to survive without public funding. Concentrating on improving the retail and catering income could mean that the museums were even less able to fulfil their core responsibilities.

How much public funding would be needed to keep the museums operating at the proper level?

The museums' income comes from a mixture of admission fees, income from sales and catering, business sponsorship and public funds. Annual income ranges from almost £2 million to under £150,000. In 1998 only three museums made a profit. And over the past five years, only one has steadily made a profit. Some museums have made losses every year, while others swing between profit and loss.

Overall, almost 30% of the museums' total income of £4.5 million in 1998 came from public funding. Some of these grants, for instance from local enterprise companies and European funds, are only short term and have to be used for particular projects. Although this support is invaluable in the short term, it merely postpones the longer-term problem.

The most important public funders have been the local authorities, who provide over 20% of the total yearly income. The museums can make a major contribution to fulfilling the strategies for educational, social and cultural development of national and local government.

However, the museums' independent status makes them a lower priority for local authorities when funding decisions are taken. Local authority grants to some of the museums have decreased over the past five years. It is likely that local authority funding will continue to reduce in real terms over the next five years. If so, some of the museums will have to close.

An estimated £2.5 million additional funding will be required over the next five years. The report identified that realistically any improvements in earned income will not be anywhere near enough to meet the forecast shortfall. Two of the museums will have to go through a major financial restructuring in the very near future if they are to survive at all. Overall the financial projections show that the museums will be dependent on additional public funding to fulfil their core responsibilities.

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04 Options without further funding

To date, the museums have been very successful in identifying sources of funding and adapting their operations to benefit from any relevant funding schemes available. But if the present restraints on public expenditure continue, the industrial museums will find it very difficult to fulfil their core responsibilities. Some will find it hard to exist. In this case, there are several options.

- a **Becoming all-out visitor attractions.** This would mean that the museums would no longer fulfil their core responsibilities of education, conservation and research.
- b **De-registering as a museum.** This could save some money but would mean having to operate as an out-and-out visitor attraction. Again, the core responsibilities would not be fulfilled.
- c **Setting up endowment funds.** An unlikely possibility because of the scale of investment that would be needed.
- d **Receiving support from the industry which is the theme of the museum.** In Scotland these related industries are either dead or dying.

- e **Considering whether other operators could take over the museum.** The site, building and collections would have to be maintained. A commercial attraction operator is unlikely to be interested, but organisations such as the National Trust for Scotland have both the expertise required and a strong marketing operation. However, they are unlikely to take over a museum without an endowment.
- f **Transferring ownership to the public sector,** either to local authorities or suitable national bodies, such as the National Museums of Scotland or Historic Scotland. However, these agencies could not take on more responsibilities without extra public funding.
- g **Selling to the private sector** if no local authority or national agency wanted to take the museums over. The large public investment in the land, buildings and collections would then be lost completely.
- h **Closing.** Even high profile museums in England have come near to closing recently, so the possibility of this happening in Scotland cannot be ruled out.

07

Recommendations for action

1. For the Industrial Museums themselves

- Identify and strengthen the core responsibilities which can contribute positively to local authorities' education, cultural and community integration strategies.
- Review the retail and catering activities to see how best to increase earned income. This could include looking at forming a jointly owned trading company to operate these elements at several museums.
- Consider sharing an events officer or asking an outside agency to organise a number of events each year.
- Consider sharing staff with marketing expertise.
- Carry out more detailed analyses of market demands and trends in order to target the marketing efforts better.
- Review each museum's land, property and collection to see if any of these assets could be used to earn more money in ways which fall within the terms of their deed of trust.
- Consider hiring out specialist staff as consultants.
- Explore the possibilities of other suitable agencies managing the museums, such as the National Trust for Scotland.

2. With the Scottish Museums Council

- Agree a minimum activities list for each of the core responsibilities.
- Draw up an agreed set of performance measurements to compare the fulfilment of the core responsibilities from year to year.
- Agree a standard format for the annual accounts which relates more closely to the core responsibilities to allow proper comparisons between museums in future.

3. With the Scottish Museums Council and local authorities

- Make sure that the museums work to the same standards as local authority museums and have 'best value' processes in place.
- Draw up a model service agreement between the museums and the local authorities. Local authorities may want to consider tying funding to particular areas of a museum's activities to make sure that the full range of core responsibilities is fulfilled.

4. With the Scottish Museums Council and the National Museums of Scotland

- Define which elements of the museums and activities are of national importance.

5. With the Scottish Museums Council, the National Museums of Scotland and local authorities

- Explore the possibility of staff being seconded to the museums to make sure that proper curatorial and education skills are available in the future.

Conclusion

Responses to the government's consultation document, *Celebrating Scotland*, show support for a fundamental review of funding arrangements for all museums. In particular, the difficulties faced by the industrial museums with nationally important collections are recognised. This review of the industrial museums shows that although the museums themselves can make minor improvements, those options which both safeguard public investment and allow the museums to meet their core responsibilities will require significant additional investment.

'Tanfield' prepares to leave Bo'ness Station



08



above
Scottish Mining Museum,
Newtongrange.