



Shaping The Future

Strategic Plan 2016–20

1. Introduction

National Museums Scotland is one of the leading museum groups in Europe. Millions of local and international visitors enjoy our four museums each year, and we care for one of the most diverse collections in the world. The sheer breadth of our holdings has huge power, bringing together the arts and sciences, the cultures of Scotland and the world, and the full spectrum of human ingenuity alongside the diversity of the natural world.

These collections have deep roots, spanning thousands of years. They enable us to explore, to debate and to celebrate our nation and the world around us - past, present and future. This Strategic Plan sets out the ambitions of National Museums Scotland in 2016-20. It outlines the opportunities and challenges we face, and the potential we see.

The Strategy also marks over a decade of successive investment in our collections, our museums and our visitors - from the 2004 acquisition of a Concorde aircraft and associated developments at the National Museum of Flight, to the 2011 transformation of large parts of the National Museum of Scotland which more than doubled visitor numbers and the creation of a single site at the National Museums Collections Centre for our stored collections, conservation and research.

In 2016, we complete two further major projects. A £3.6 million redevelopment is transforming the visitor experience at the National Museum of Flight, re-presenting 100 years of aviation and showcasing a pre-eminent collection. A further £14 million investment at the National Museum of Scotland is creating ten inspiring galleries of fashion, applied art and design, science and technology. Opening in the 150th year of the National Museum of Scotland, this penultimate phase of the museum's £80 million Masterplan marks a historic transformation.

Looking ahead, we plan to broaden our programme, making further step-change improvements to quality, profile, popularity and reputation. Our new Strategy reflects a continued drive to delight and inspire our visitors, to invest in our historic buildings and displays, and to research, exhibit and share our collections for audiences to enjoy. We also aim to address our wider national and international potential, and make shifts in the way we operate and fund our work.

Delivering our ambitions will require significant financial support, both public and private. We aim to increase our capacity and skills to raise income from charitable trusts, corporate bodies and individual donors, and to develop a more entrepreneurial approach which grows commercial income from a range of sources.

The current climate is challenging for cultural organisations. There are downward pressures on public funding, while costs and expectations are rising and competition for financial support is increasing. We have worked hard to increase our impact while reducing costs and gaining efficiencies. Continuing to focus on these, and developing a more sustainable business model, both financially and environmentally, is a key principle of this Plan.

To achieve our goals it is vital that the whole team work well together – effective delivery rests on enabling our staff to use their skills and experience to the full and continuing to attract new talent to every part of the organisation. Our commitment to the development and engagement of our people is central to the delivery of this Strategy.

In 2018 we plan to complete the National Museum of Scotland Masterplan, with two new galleries of East Asia and Ancient Egypt. We also look forward to beginning a reconsideration of the Museum's Scottish galleries, where we will aim to explore afresh the contemporary and historic identity of the nation through the lens of the twenty-first century. Further leading-edge facilities at the expanding National Museums Collections Centre will transform that site into a national hub for the conservation, research and sharing of our collections. And our dynamic programme of displays, exhibitions and events will continue to develop, drawing ever larger and broader audiences, young and old, at home and abroad, to encounter extraordinary objects in new ways.

The social, economic and cultural impact we have 'beyond our walls' has a much stronger focus in this new Strategy. Our work has always reached across the nation, and in this period we aim to increase that impact, seeking funding for a range of initiatives from community projects, to touring exhibitions and other joint activities. As our reputation grows, we also aim to build on the international dimensions of our collections with more active and fruitful connections abroad. Digital channels have given museums truly exciting opportunities to reach more people and develop imaginative content. Our Plan prioritises expanding our online footprint through innovative partnerships, web developments and a wide-ranging presence on social media platforms.

We are proud of our contribution to the creation and promotion of world class culture in Scotland. Bold ideas and a track record of success have served us well in securing support for ambitious goals. Inspired by the pioneers and thinkers who founded our institution and created our collections, National Museums Scotland is clear in its commitment to take every opportunity which realises our vision: *Inspiring People, Connecting Scotland to the World and the World to Scotland.*

2. About Us

2.1 Who are we?

National Museums Scotland cares for one of the largest multidisciplinary collections in the world. The breadth of our collections makes us stand out among major museums of the world.

We have approximately 450 staff, over 500 volunteers and operate five sites: the National Museum of Scotland on Chambers Street in Edinburgh; the National War Museum in Edinburgh Castle; the National Museum of Flight in East Lothian; the National Museum of Rural Life near Glasgow; and the National Museums Collection Centre at Granton in north Edinburgh.

2.2 What do we do?

Our principal functions are set out in our governing legislation - the National Heritage (Scotland) Act 1985, Section 2(1). They are to:

- Add to and care for our collections.
- Ensure that they are accessible to the public, through exhibitions, learning resources and by other means.
- Ensure that research on the collections is undertaken and communicated, and to create and share knowledge about them.

The Act empowers the Board of Trustees to do whatever they deem necessary to deliver those functions, subject to a number of matters for which Ministerial consent is required.

In practice, the range of activities undertaken by National Museums Scotland is significant. It includes:

- Creating imaginative, enjoyable and memorable exhibitions.
- A wide ranging programme of events for all ages which meets diverse visitor needs, often undertaken in collaboration with other organisations.
- A portfolio of collections research, much of which is undertaken in partnership with Universities and other organisations, both in the UK and internationally.
- Growing activity 'beyond our walls' through touring exhibitions, loans and community based initiatives.
- An increasingly sophisticated and multichannel digital presence.

In the years ahead, we will be operating through an increasingly dynamic model. Our funding comes from three principal sources: the Scottish Government, commercial income and philanthropy. Our largest source of funding is Grant-in-Aid, received annually from the Scottish Government. Investment over the last decade in museum developments, programming and marketing is helping increase income from museum, exhibition and events admissions. We are also enhancing other commercial activities such as retail, catering and venue hire, and looking for other opportunities to leverage the potential of our assets. We successfully raise millions of pounds a year from grants, sponsorship and philanthropic donations, and aim to develop initiatives which will appeal to a wider base of donors and further increase income from fundraising. Some of the most significant sums have been awarded to us by the Heritage Lottery Fund for a wide range of developments and initiatives.

2.3 Our Governance

National Museums Scotland is a Non-Departmental Public Body (NDPB) - a body established by statute outside the departmental system of Government. NDPBs are responsible for delivering a specified service to the public and normally receive most of their funding from Government.

National Museums Scotland is a Scottish Charity (no. SC 011130).

We are governed by a Board of Trustees appointed by Scottish Ministers. The Board is responsible for guiding the vision, strategic direction and priorities for our organisation, and for monitoring progress. The Executive Team, led by the Director, is responsible for proposing and delivering strategic plans and policy, and for operational management and decisions.

Our wholly owned company, National Museums Scotland Enterprises Limited, drives commercial income through activities such as hospitality and events, retail, publishing, licencing and image management. The Board of NMSE includes external members who provide specialist expertise.

2.4 How far have we come?

National Museums Scotland has achieved a great deal over the last ten years. We have:

- Exceeded significant visitor targets (physical and virtual) and attracted new and broader audiences. Our total visitor numbers have nearly doubled, from 1.42 million in 2006/07 to 2.41 million in 2015/16, and are expected to grow further following the completion of developments at the National Museum and the National Museum of Flight in 2016.
- Appreciably improved our public offer including special exhibitions, new and upgraded displays, events and a transformed digital offer across a range of channels.
- Completed a substantial part of the £80 million Masterplan to transform the National Museum of Scotland. This has established the Museum as the UK's most visited outside London, and built our reputation on an international stage.
- Raised over £100 million from public and private sources for major projects.
- Considerably improved collections care and the visitor experience at the National Museum of Flight, with the second phase of major redevelopments completed in spring 2016.
- Made many significant acquisitions and improved the storage of our collections, exiting four previous sites and developing the National Museums Collection Centre as a central hub for research, conservation, storage and collection access.
- Increased our national role through wide ranging partnerships, community initiatives and exhibition tours, as well as providing skills development training and advice to the Scottish museum sector. Alongside this, we have begun extending our international links and profile.
- Continued to improve our efficiency and effectiveness and increased joint working with other organisations.
- Worked hard to become more financially independent, with non-government income increasing from £5 million in 2006/07 to £17 million in 2015/16.

2.5 Our Economic Impact

An independent study published in 2015 concluded that £91 million in Gross Value Added (GVA) per year was generated for the Scottish economy by National Museums Scotland, supporting over 2,600 full time equivalent (fte) jobs. In Edinburgh alone, this equated to £71 million GVA and over 1,600 (fte) jobs.

In addition to these benefits, the economic impact research underlined the growing importance of National Museums Scotland in helping sustain and enhance the broader tourism economy for Scotland and its capital city, noting that world class museums are a proven driver of contemporary international tourism.

The findings also noted the relevance of National Museums Scotland to business, highlighting the scale and quality of spaces for corporate hospitality and events, and the wider importance of culture in attracting inward investment and high-quality jobs.

2.6 Our Social Impact

Cultural organisations can play an important part in engaging with people to promote participation, wellbeing and social inclusion. This has been a strong focus for our work over the last ten years. At the National Museum of Scotland, amongst Scottish visitors the proportion of C2DE categories was 32% in 2015/16, a significant increase since the 2011 reopening and up from 22% in 2014/15. Taken together with the large increase in overall visitors, this represents a significant broadening of our appeal and relevance to a more diverse range of people.

For many years we have worked extensively with schools, with over 53,500 school pupils participating in school visits to our museums in 2015/16. We have broadened the nature of our engagement with schools to include a more varied and targeted programme of facilitated visits and distance learning, the latter in partnership with Education Scotland.

We deliver a wide range of learning programmes and placements for a broader audience, which led to over 200,000 participants engaging with us in 2015/16. Many of these opportunities are targeted at young people (16-24 year olds) in formal and informal learning, both on our sites and elsewhere, which improve young people's confidence, skills and employability.

3. Strategy, Planning and Performance

3.1 Our Strategic Framework

We will organise our activities around the following core principles:

Our Mission

National Museums Scotland's Mission is an overall statement which describes what we do:

"We preserve, interpret and make accessible for all, the past and present of Scotland, other nations and cultures, and the natural world."

Our Vision

Our vision sets out what we aspire to achieve:

"Inspiring people, connecting Scotland to the world and the world to Scotland."

Our Aims

These four aims direct our priorities, activities and actions:

- **Put People First**
Create inspiring experiences that help our audiences' understanding of themselves and the world around them.
- **Value our Collections**
Preserve, interpret, share and make them accessible for all.
- **Increase our Reputation and Reach**
Connect more with people locally, nationally and internationally.
- **Transform our Organisation**
Develop our people, and work together to deliver our ambitions and increase our income.

Our Values

Our values describe how we want to operate – with each other and externally:

Creative: we are innovative and thrive on good ideas

Generous: we are open, friendly and enabling

Collaborative: we are enquiring, receptive and well connected

Forward-Thinking: we look for the big picture as well as the detail

We capture all of the above in our brand, *"Real Things, Revealing Stories"*, which is at the heart of how we communicate and engage with people at our Museums and beyond.

Our Priorities

1. Creating inspiring visitor experiences at our Museums and elsewhere.
2. Developing, preserving and increasing access to the National Collections.
3. Strengthening and sharing collections knowledge and research.
4. Reaching out to people across Scotland and the world.
5. Transforming our digital engagement.
6. Valuing, supporting and developing our people and empowering them to work together in new ways.
7. Growing and diversifying our income.

3.2 Scottish Government Strategic Framework

Our work and the services we provide contribute in a broad range of ways to the Scottish Government's *Programme for Government* and the *National Performance Framework*. Appendix 1 sets out the linkages between our work and the Scottish Government's National Outcomes. While culture and heritage do not always feature prominently across the detail of the Government's strategic framework, our view is that they are of key importance to build a cohesive society and engaged citizens.

3.3 Reporting on Performance

In order to manage our performance and inform us and others of progress, we have established a new set of Key Performance Indicators for 2016–20, which will be reviewed on a regular basis by the Executive Team and reported to the Board of Trustees. These are set out in Appendix 2.

National Museums Scotland is accountable for the use of the public funding we receive from the Scottish Government. Each year, we report on our progress and performance in two key public documents:

- Annual Report & Accounts
- Annual Review

The information we provide in the Annual Report and Accounts includes details regarding our: organisation; key activities and achievements; Audited Accounts; Internal Control; and progress against our Key Performance Indicators over the previous financial year.

Our Annual Review is distributed to a wide range of stakeholders to inform them of our headline achievements and contribution.

Our vision

Inspiring people,
connecting Scotland
to the world and
the world to
Scotland.

Our aims

Put People
First

Value our
Collections

Increase our
Reputation
and Reach

Transform our
Organisation

Our priorities

Creating inspiring
visitor experiences at our
Museums and elsewhere.

Developing, preserving
and increasing access to
the National Collections.

Strengthening and sharing
collections knowledge and
research.

Reaching out to people
across Scotland and the world.

Transforming our digital
engagement.

Valuing, supporting and
developing our people and
empowering them to work
together in new ways.

Growing and diversifying
our income.

Our values

Creative

Generous

Collaborative

Forward Thinking

4. Our Priorities for 2016–20

Although we are operating in an increasingly challenging financial climate, our ambitions to continue to transform our facilities and services and enhance our impact both at home and internationally are undimmed. We will build on the many achievements of the past ten years to ensure that the National Collections are cared for more effectively, shared with an increased number of people, and that our overall impact continues to grow.

Our seven priorities for this four-year planning period are set out below. They will be delivered through a strategically driven set of specific actions which will form the core of our yearly Operational Plan. Progress with this will be regularly reviewed by the Executive Team, with variances being reported to the Board.

1. Creating inspiring visitor experiences at our Museums and elsewhere

We provide unique experiences, inspiring people of all ages, encouraging a global outlook, and boosting creativity and innovation.

To do this we will:

- 1.1 Engage with a wide range of audiences to facilitate understanding, build knowledge and encourage participation within a culture of two-way dialogue.
- 1.2 Create meaningful connections between our audiences and our collections through exhibitions, events, digital and learning programmes, publications or other activities.
- 1.3 Create world-class visitor experiences that are based on excellent customer service with top quality galleries, public programmes and facilities.

2. Developing, preserving and increasing access to the National Collections

We care for, develop and promote public engagement with wide ranging collections of national and international importance.

To do this we will:

- 2.1 Substantially increase access to the National Collections and their stories through displays, exhibitions and public events at our five sites and through digital channels.
- 2.2 Develop the National Collections in line with agreed collection strategies.
- 2.3 Care for and preserve the National Collections, and the iconic heritage buildings and landscapes where our collections are displayed.

3. Strengthening and sharing collections knowledge and research

An appreciation of the past is integral to a better understanding of the present, and to building a dynamic and ambitious vision for the future.

To do this we will:

- 3.1 Strengthen knowledge of the National Collections through collaborative research.
- 3.2 Develop the National Museums Collection Centre as a centre for excellence for collections research, conservation, storage and access.

- 3.3 Create strong synergies between research and permanent displays, special exhibitions, digital products and public programmes.

4. Reaching out to people across Scotland and the world

We seek to share the National Collections with as many people as possible, engaging with communities across Scotland and building our reputation on the world stage.

To do this we will:

- 4.1 Increase visits to our sites by making connections with new and diverse audiences.
- 4.2 Create exhibitions and touring exhibitions and make loans, attracting significant profile and audiences.
- 4.3 Increase access to the National Collections and their stories through partnerships in Scotland, the UK and internationally.
- 4.4 Reach out beyond our sites to engage communities across Scotland with our collections and programmes.

5. Transforming our digital engagement

The digital revolution brings huge opportunities to transform how we do things, enabling us to engage many more people in different ways through dynamic new channels.

To do this we will:

- 5.1 Embed digital thinking across the organisation, investing in versatile technologies, digital asset management and skills development.
- 5.2 Increase collections information online and build platforms to share expertise, focusing on user needs, attracting larger audiences, encouraging debate and supporting learning.
- 5.3 Integrate high-quality digital experiences into our Museums, enriching exhibitions, displays and events to increase engagement with collections.

6. Valuing, supporting and developing our people and empowering them to work together in new ways

We will work more creatively, efficiently and effectively, establishing new and better ways of planning, resourcing and delivering our activities.

To do this we will:

- 6.1 Develop our people and empower them to deliver on our aims and aspirations.
- 6.2 Create a culture that encourages and supports learning, creativity and knowledge transfer.
- 6.3 Develop team working across the organisation, breaking down boundaries across our operations.
- 6.4 Improve our business processes and operational capacity, including continued investment in ICT.

7. Growing and diversifying our income

Fulfil our ambitions and ensure we continue to meet the expectations of the people we serve by finding new ways to secure the financial and other resources we need.

To do this we will:

- 7.1 Better connect our activities to opportunities for external funding.
- 7.2 Identify new opportunities to generate revenue to support our aims.
- 7.3 Improve our understanding of and connections with audiences to enhance income, grow our Membership, and promote individual and legacy giving.
- 7.4 Develop our commercial operations, enhancing our retail offer and promoting opportunities to reach a broader customer base.

5. External Environment

The period 2016–20 will be one of continuing uncertainty and change, particularly in financial terms. The need to attract and retain specialist staff, the demands of an historic and ageing estate, and increased competition for funding continue to present a challenging environment. However, we also have the opportunity to review our range of assets and how we use the skills of our team, and consider new business models and approaches to supporting our ambitious plans.

5.1 External Context

Public Policy Environment

- The Plan period of 2016–20 includes the Scottish Parliament elections in May 2016, a referendum on UK membership of the European Union in June, and the lead in to a UK General Election in 2020. All of this potentially presents uncertainty and change.
- Change may include the role of, or support for, Culture within the evolving policy environment.
- The expectation that public bodies in Scotland will play an important role in the delivery of Government priorities, such as ‘social justice’ and tackling inequality, with a declining resource base.

Museum Trends

- Differences between relatively well funded museums based in London and other international capitals (e.g. British Museum, Tate, V&A, MOMA, The Metropolitan Museum, the Louvre), and other national museums.
- Enhanced focus on audience engagement and involvement and increased visitor expectations, driving the growth of customer relationship management, segmentation, increasingly two-way communications, and user-centred programming.
- A stronger drive to diversify income streams, driven by funding constraints and more entrepreneurial approaches to managing assets, partnerships and risk.
- The potential and scope of digital channels (online and onsite) to reach much larger audiences in new ways, and reimagine access to collections and their interpretation.

Emergent Challenges/Opportunities

- Renewed focus on Scotland as a nation makes opportunities to tell our stories a potential priority for investment, e.g. major renewal of the National Museum of Rural Life and the Scottish Galleries at the National Museum of Scotland.
- Continuing trend by museums of all sizes towards a focus on broadening their impact and reach ‘beyond their walls’ – locally, regionally, nationally and internationally.

Financial Environment

- Public funding is likely to continue to be constrained.
- Scope for a significant step change in commercial income relatively limited.

- Competition for funding is increasing across all funding sources: lottery, charitable trusts and foundations, individuals, and corporate.

5.2 Working with the Scottish Government

Programme for Government

The Scottish Government's *Programme for Government* sets out its programme of policy delivery and legislation, as well as summarising the Government's key achievements and main goals for the future - both legislative and non-legislative.

The focus of the *Programme for Government* is on the following themes:

- *Creating More, Better Paid Jobs in a Strong, Sustainable Economy.*
- *Building a Fairer Scotland and Tackling Inequality.*
- *Passing Power to People and Communities.*

We have taken appropriate note of this within the development of this Strategic Plan. Our work makes an important contribution across a range of areas within the Scottish Government's priorities. This is particularly so in terms of our economic contribution, our strong focus on widening access and participation, our provision of a broad range of learning opportunities tailored to needs, and our international activities.

National Performance Framework

Our work and the services we provide are aligned with the National Performance Framework, and most closely to the following five National Outcomes in the Framework:

- National Outcome 1: *we live in a Scotland that is the most attractive place for doing business in Europe.*
- National Outcome 4: *our young people are successful learners, confident individuals, effective contributors and responsible citizens.*
- National Outcome 13: *we take pride in a strong, fair and inclusive national identity.*
- National Outcome 14: *we reduce the local and global environmental impact of our consumption and production.*
- National Outcome 16: *our public services are high quality, continually improving, efficient and responsive to local people's needs.*

As mentioned earlier in this Plan, Appendix 1 sets out the ways in which we support these five National Outcomes in particular.

5.3 Partnerships and Linkages

We increasingly work in partnership with a wide range of public and private sector organisations to support the delivery of our priorities.

Our national work across Scotland includes:

- an increasing focus on touring exhibitions and highlights from the collections in order to share the National Collections more widely.
- an average of 2,500 items out on loan at any one time.
- schools programming in the classroom, in person and online.
- community-based partnership projects, often in disadvantaged areas.
- training and skills development, including targeting young people.
- the provision of advice and support to other museums.
- administering the National Fund for Acquisitions.
- operating the Treasure Trove scheme.

A good example of the new type of engagement we have been establishing is the Heritage Lottery Fund and Scottish Government-funded First World War touring exhibition project, *Next of Kin*. This has been created with eight museum partners from across Scotland and is active during 2015-17. The core of this is a touring exhibition which is designed to be customised to specific venues, with local stories being added. It is accompanied by learning materials, a digital component and skills development training.

We also collaborate with other major museums, often in the form of collection related research and/or exhibitions. A good example is the joint *Celts* exhibition with the British Museum, which was shown in London and Edinburgh and was accompanied by a substantial publication involving curators from both institutions as well as academic researchers.

Our international work focuses on areas where engagement will offer opportunities for wider public reach and impact, through enhanced profile for Scotland and National Museums Scotland. This includes a new touring exhibition programme and the development of stronger research linkages. To make substantial progress this will require a refocus of staff time, additional funding, and building of strategic alliances with influential partners over a number of years.

Working with universities and other research-oriented organisations is an increasingly important part of our collections work. For example, a recently signed Memorandum of Understanding with the University of Edinburgh to promote joint research is already leading to enhanced dialogue and identification of other projects linking our two institutions. We aim to expand this approach with other appropriate organisations, both in Scotland and internationally.

6. Managing Risk

6.1 The main risks we are managing

While our plans for the future are ambitious, we need to recognise and manage key risks that could be major obstacles to delivery. These are regularly reviewed by the Executive Team and the Board of Trustees. During the period of this Plan, we consider that three key risks are:

- A real-terms or cash reduction in Grant-in-Aid income from the Scottish Government.
- Buildings not meeting appropriate legislative standards; not fit to be occupied by the public, staff or collections; or uneconomic to refurbish and requiring replacement.
- Difficulties in recruiting and retaining staff in vital posts.

These risks are outlined in more detail below.

6.2 The declining value of Government Funding

A real-terms or cash reduction in Grant-in-Aid income has been our key risk throughout the last Strategic Plan period 2011-16, and is expected to remain a dominant risk to the delivery of the New Strategic Plan 2016-20. This requires investment in fundraising capacity and skills, and an increasingly entrepreneurial approach to commercial initiatives.

6.3 Backlog Maintenance

The appropriate maintenance of premises that are fit-for-purpose is critical for our ability to safeguard the National Collections, operate safely and effectively and to achieve continued success. We need to enable staff to work effectively, visitors to enjoy our Museums in comfort and safety, and to be able to safeguard the National Collections for future generations. Our Estate Strategy includes an assessment of the condition and performance of the current estate. This confirms that we continue to have a significant amount of Backlog Maintenance due to lack of adequate funding over an extended period. After completing current major projects and the planned disposal of the former Dental Hospital office premises, the estimated cost of meeting these Backlog Maintenance needs remains at over £13 million.

During the last Spending Review period, the Scottish Government provided £3.6 million of additional funding to enable significant works to proceed to begin tackling the Backlog Maintenance challenge. A capital grant of £1 million will enable us to tackle further issues during 2016/17. We will continue to seek further Scottish Government support, and support from other sources where possible, to continue this work and reduce the level of risk.

6.4 Building Renewal

Beyond normal planned and routine maintenance, we have a range of buildings which require comprehensive refurbishment in order to continue to be functional and keep pace with visitor expectations. In some cases, buildings require complete replacement. Despite a significant number of improvements and renewals progressed over the last decade, without further major investment some 30% of the National

Collections will continue to be housed in accommodation below acceptable levels. If this position is not addressed, there is a risk that the Trustees of National Museums Scotland will be unable to fulfil their statutory duty to care for and preserve the collections. Such renewal is only going to be realistically possible through the provision of capital investment by the Scottish Government, with funding bids to other sources where feasible. The renewal programme has a current value in the region of £49 million. Making progress in this area would also have the beneficial effect of reducing the value of backlog maintenance outlined in section 6.3.

6.5 Maintaining a skilled and experienced workforce

When staff leave, skills and experience built up over a number of years can be lost to an organisation. This has become a particular issue recently as employee numbers, often in specialised areas, have been reduced as a result of financial constraints. Wherever possible, processes, knowledge and procedures will be documented to minimise this risk.

In addition, it has become clear that Public Sector Pay Policy, funding constraints and other factors are having an increasing impact on recruitment:

- For a range of specialised roles we recruit from a restricted pool of specialists in a variety of fields, many outside Scotland and often outside the UK.
- In some fields, it is becoming increasingly difficult to recruit due to salary issues and this risks compromising our ability to deliver our own and Government's priority outcomes.
- The current economic climate (and perceived uncertainty over the political climate in Scotland) have discouraged relocation, and affected recruitment of senior staff and those with transferable skills valued highly by the market.

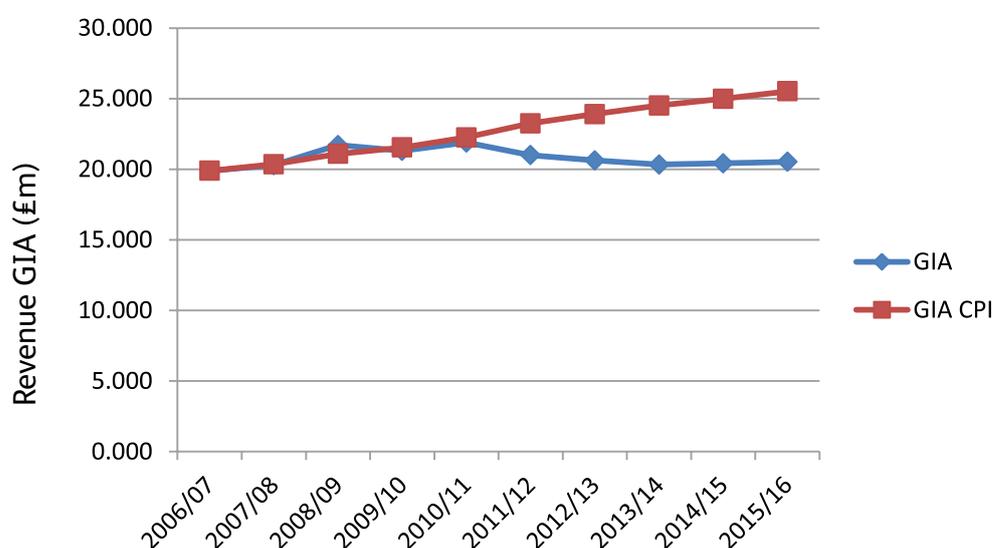
Given that the current environment is not likely to change with any speed, the risks in this area will continue to be an issue for the organisation. Retention, appropriate reward, and motivation of existing talented staff are therefore a priority in this Plan.

7. Financial Plan 2016–20

7.1 Government Funding

Over the last decade, the way we are funded has undergone important changes. Our main source of funding is Scottish Government Grant-in-Aid. Figure 1 below shows that generally this source of funding increased in line with inflation until 2011/12, at which point it fell and has not since recovered. Table 1 brings the figures up to date to include 2016/17, and shows that this source of funding is now lower than it has been at any time in the last decade. We do not expect it to grow significantly in the near future and recognise that it could decline further.

Figure 1: Government funding for running costs 2006–16



Within this funding context, National Museums Scotland has significantly enhanced the service it offers, increased national and international recognition of its work, and delivered transformative changes at the National Museum of Scotland, National Museum of Flight and National Museums Collection Centre.

We have achieved this by remaining an ambitious organisation in both our management of costs and in fundraising effectively from a wide range of other public and private sources, alongside the support that the Scottish Government continues to provide.

7.2 Financial Strategy

Our current operational budget and plans for 2016-20 are summarised in Table 2 below, with more detail provided in Appendix 3.

Table 1: Operational Financial Planning 2016–20

	2016/17	2017/18	2018/19	2019/20
	Budget	Plan	Plan	Estimate
	£000	£000	£000	£000
Income				
Grant-in-Aid	20,317	20,317	20,317	20,317
Commercial Income	5,080	5,017	5,029	5,029
Philanthropic Income	505	420	420	420
	25,902	25,754	25,766	25,766
Expenditure				
Employee Costs	15,031	15,804	16,592	16,758
Operational Costs	10,871	10,392	10,293	10,293
	25,902	26,196	26,885	27,051
Funding gap	-	442	1,119	1,285

Our costs will continue to increase during 2016–20. It is important that we continue to attract and retain the broad range of specialist and public facing staff that any national museum needs to operate effectively, and this is reflected in a substantial element of our costs continuing to be in staff costs. In addition, a substantial part of our cost base is tied to the relatively fixed cost of operating four museums on heritage sites which drives large maintenance and energy bills that can only be managed at the margin and will usually increase year to year.

As part of our strategy to address the funding challenges, we will not only aim to reduce costs where practicable, but also seek a growing level of commercial income and income gained through philanthropic means. The latter relies on our capacity to develop a flow of projects and activities which appeal to donors and invest in fundraising skills. It is also constrained by a highly competitive market.

Although the challenge represented by the funding environment must not be underestimated, we are confident that we will successfully meet it.

7.3 Increasing commercial and philanthropic income

A key achievement over the last decade at National Museums Scotland has been to gain a substantial increase in income through commercial activities and philanthropic sources. This has enabled us to achieve much more than would otherwise be the case, particularly in relation to capital developments. For example, within our capital investment programme we have consistently more than matched every pound of Government investment with a pound from other sources.

As part of continuing to sustain a successful organisation and in order to realise our ambitions, during the period of this Strategic Plan we aim to gain a further significant increase in non-Government revenue income. We will seek this through an enhanced focus on this area, including:

- Identifying opportunities to grow the net income gained from the commercial activities directly managed by National Museums Scotland Enterprises.
- Increasing income from site, exhibition and event admission by investing in dynamic, visitor-centred programmes and marketing, supported by appropriate pricing strategies.
- Growing income from sponsorship, grants and donations from a broader base of support and towards a wider range of our activities.
- Encouraging increased visitor donations, particularly at the National Museum of Scotland.
- Enhancing the contribution made by the National Museums Scotland Membership programme.

Achieving a significant change in this area will require an enhanced focus across the organisation. There is also a need for investment in a new approach to Customer Relationship Management and ticketing to gain the full potential synergies across a range of activities.

7.4 Capital Programme

In recent years we have developed a broad base of supporters, inspiring them to invest in sustaining and enhancing our services. This is a vital part of meeting our core objectives (and statutory obligations) to look after the national collections and make them accessible to as many people as possible.

In 2015, we completed an important phase of development at the National Museums Collection Centre, opening a state-of-the-art collections storage and research facility. In 2016, the current phases of development at the National Museum of Scotland and National Museum of Flight will conclude and open to the public. In addition, preparations are already underway for the next phases of development at all three of these sites. At the National Museum of Scotland, we intend to display our internationally important Ancient Egypt and East Asia collections in a further expansion of gallery spaces. Improvements in research, access and storage facilities at the National Museums Collection Centre are also planned. Amongst other improvements, a new hangar is planned at the National Museum of Flight so that our largest aircraft, most of which are currently outdoors, can be preserved for future generations.

Further information on our current plans is provided in Appendix 3.

The achievements we have made to date and our ambitious plans for the future are a testimony to the creativity and hard work of our staff and the people we work with, and those who support us. All of this progress is underpinned by the ongoing financial support of the Scottish Government, and our capacity to develop a growing group of generous contributors across Scotland and the wider world.

Linkages to Scottish Government's National Outcomes

Our work and the services we provide link most closely to the following five National Outcomes in the Scottish Government's National Performance Framework.

"We live in a Scotland that is the most attractive place for doing business in Europe." (Outcome 1)

✓ We operate some of the highest quality and most popular visitor attractions and public programmes in the country, many free of charge, attracting tourists from near and far – from Scotland, the UK and internationally.

✓ Cultural attractions help create environments which are attractive to businesses and talented employees. Our two Museums in Edinburgh support the success of the capital as a world-leading place to visit, live, work and learn. Our two Museums in rural areas boost their local economies.

✓ We have a high profile nationally and internationally, through a wide range of activity including formal partnerships, loans and touring exhibitions, informal collaborations, knowledge exchange, and the provision of advice and support. Through the assessment of our collections, the associated research and the collecting of objects for the new galleries, our National Museum of Scotland Masterplan has led to further international working.

✓ Our research supports the understanding and development of collections, and makes a creative contribution to our public-facing activities.

"Our young people are successful learners, confident individuals, effective contributors and responsible citizens." (Outcome 4)

✓ Our collections and exhibitions have inspired millions of people, informing and educating young and old about everything from war to fashion, flight to rural life, from Ancient Egypt to modern Scotland.

✓ Our active programme of learning activities reach everyone from Early Years to Lifelong Learning, from formal school and college groups to all those curious about the past, present and future of Scotland.

✓ We deliver a number of learning programmes which are specifically targeted at young people (16-24 year olds) in formal and informal learning.

✓ We support: work experience (15-18 year old school pupils); and a large number of university students and young people (18-24 year olds) each year as volunteers and in work placements.

✓ We support entry to Museum work through our programme of placements and internships.

✓ We play an active role in supporting academic study at doctorate level through participation in supervision and examination in relevant disciplines with universities across the UK.

"We take pride in a strong, fair and inclusive national identity." (Outcome 13)

✓ The National Collections we care for and display are a significant part of the culture of the Scottish nation, held in trust for the benefit of the Scottish people. Through our recent and ongoing major projects, we have been making these collections available more widely and to more diverse audiences.

✓ Cultural organisations play a vital role in promoting participation, wellbeing and social inclusion. We have significantly broadened our programming, appeal and relevance to engage a more diverse range of people, and will continue to extend this further.

✓ Our exhibitions make reference to changing patterns of life in Scotland and elsewhere. Our *Scotland: A Changing Nation* gallery charts the large scale changes which have taken place in the economy, in the home and in personal life over the past century and considers our nation today and tomorrow.

✓ Our national working covers a wide range of activities including formal partnerships, loans of objects, touring exhibitions, knowledge exchange, administering the National Fund for Acquisitions, the Treasure Trove scheme, and the provision of other advice and support.

✓ Our collections and our relationships enhance Scotland's international reputation for the quality of its cultural heritage. We also attract many foreign visitors (currently over a third of all visitors) and add to their understanding of Scottish identity.

✓ We run successful Community Engagement initiatives which are aimed at young people in education, undergraduates and unemployed people. We also offer work experience and work placement opportunities.

“We reduce the local and global environmental impact of our consumption and production.” (Outcome 14)

✓ We have an environmental policy for daily operations of waste management and energy efficiency. We have significantly reduced our CO₂ emissions and increased the amount of waste that is recycled.

✓ Our building projects are as eco-friendly as possible within the capital funding available.

✓ We have made big improvements in sustainable collections storage.

✓ The National Museum of Rural Life encourages public use of the countryside and an understanding of vital farming skills, and provides a living landscape that reflects Scotland's identity.

✓ Our Natural Sciences collections offer opportunities for research, display and education in current concerns regarding biodiversity, climate change and endangered species in Scotland and the world. Our suite of Natural World galleries at the National Museum of Scotland contribute to the promotion of biodiversity, seeking to ensure that the natural environment is understood, respected and enjoyed.

✓ We run learning programmes to develop young people's knowledge and understanding of environmental matters.

“Our public services are high quality, continually improving, efficient and responsive to local people's needs.” (Outcome 16)

✓ We conduct regular surveys to ensure we are meeting the needs of our audiences and these report we create consistently high visitor satisfaction.

✓ We have made significant improvements in our offer to our audiences and also our facilities, and we are continuing to do so.

✓ We are successfully implementing ways to widen and improve public access to our collections through our National Museum of Scotland Masterplan, our National Museum of Flight Development Plan and through major, ongoing developments at our National Museums Collections Centre.

✓ We develop projects across Scotland to meet the needs and interests of different groups and communities, including socially excluded people.

✓ We have significantly improved our digital offer, including a redeveloped website, increased access to collections and have a growing following on social media channels.

✓ We work in partnership with a number of public and private sector organisations.

✓ We collaborate with universities and other cultural institutions to further intellectual exchange around our collections and the understanding of Scotland's past, present and future.

✓ Our staff are highly skilled and motivated.

✓ We generate income independently and raise significant funds.

✓ Across the organisation, we will maintain our ongoing programme of continuous improvement. We have, and continue to make, significant efficiency savings in our running costs.

Key Performance Indicators

REF. NO.	INDICATOR	PURPOSE	DEFINITION	PRIORITY NOS.
1.	Total number of on-site physical visits	Tracking trends	Entry counting	1, 2, 3
2.	Total number of digital visits	Tracking trends	Website visits plus social media	4, 5
3.	Total on-site learning participation	Tracking trends	Aggregated formal and informal learning participant count	1, 2, 3
4.	Total visits to National Museum of Scotland exhibitions	Tracking trends	Special Exhibition Galleries 1 & 2 count (excluding SEG3 & 4 and other sites)	1, 2, 3
5.	Total value of commercial income	Targeting growth	From management accounts	6, 7
6.	Total value of philanthropic income	Targeting growth	From management accounts	6, 7
7.	Visitor satisfaction	Sustaining a high level	Visitor surveys	1, 6
8.	% of collections storage by area meeting appropriate standards	Targeting long-term improvement	By volume of storage space meeting requirements	2
9.	Accumulated total number of collection records on-line	Targeting growth	Overall number of web-enabled object records	2, 3, 4, 5
10.	Non-government income as % of total income	Tracking long-term trend	From budget and final accounts	7

Outline Budget

	2016/17	2017/18	2018/19	2019/20			
	Budget	Plan	Plan	Estimate			
	£000	£000	£000	£000			
Operational Income and Expenditure							
Income							
Scottish Government Grant-in-Aid	20,317	20,317	20,317	20,317			
Commercial Income	5,080	5,017	5,028	5,028			
Philanthropic Income	505	420	420	420			
Total Income	25,902	25,754	25,765	25,765			
Expenditure							
Employee Costs	15,031	15,804	16,592	16,758			
Operational Costs	10,871	10,392	10,293	10,293			
Total Expenditure	25,902	26,196	26,885	27,051			
Funding gap	-	442	1,120	1,286			
Major Projects Income and Expenditure							
Income							
Scottish Government Grant-in-Aid	1,350	600	-	-			
Philanthropic Income	3,583	983	1,769	-			
Asset sales	400	-	-	-			
	5,333	1,583	1,769	-			
Expenditure							
NMoS Galleries Phase 3	1,257	33	-	-			
NMoS Galleries Phase 4	97	950	1,769	-			
NMCC – Building 1	2,606	600	-	-			
NMoF Phase 2 - Hangar Renewal	273	-	-	-			
Backlog Maintenance minor projects	750	-	-	-			
NMS Purchase Fund	200	-	-	-			
National Fund for Acquisitions	150	-	-	-			
	5,333	1,583	1,769	-			
Scottish Government Grant-in-Aid Funding							
Operational - cash							
Running Costs	20,317	No information available					
Capital - cash							
Purchase Grant	200						
National Fund for Acquisitions	150						
General (incl. Backlog Maintenance)	1,000						
Total – Cash Grant-In-Aid	21,667						
Non-cash Depreciation (incl. impairment)	3,340						
Total Grant-in-Aid	25,007						



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