

Quinquennial Review of the National Museums & Galleries of Wales

(Draft)
Final Report
12 July

.

Peter A Watt
with
Simon Delay

The School of Public Policy



THE UNIVERSITY
OF BIRMINGHAM

July 2001

School of Public Policy
University of Birmingham
Birmingham
B15 2TT

Project Management

Peter Watt, School of Public Policy, University of Birmingham

Report written by

Peter A Watt, with Simon Delay

Core Project Team

Marion Blockley

Simon Delay

Richard Penn

Consultants

Professor Michael Clarke

Professor Chris Skelcher

Contents

1. Summary and principal conclusions and recommendations.....	1
1.1. Principal Conclusions	1
1.2. Recommendations	1
2. Introduction.....	5
2.1. Background.....	5
2.2. The Previous Quinquennial Review.....	5
2.3. Terms of Reference.....	6
2.4. Methods	6
3. Strategic Effectiveness.....	7
3.1. The Museum's Achievements.....	7
3.2. The Assembly's strategic objectives and the Museum's response.....	10
3.2.1. Public Accountability.....	12
3.2.2. The Role of Court	14
3.3. The Museum's relationship with the Assembly.....	23
3.3.1. The remit letter.....	24
3.4. Corporate planning.....	25
3.4.1. Distribution of resources.....	27
3.4.2. The Council and the Directorates of the Museum.....	32
3.4.3. The Performance of the Museum.....	35
3.5. Responsiveness to its customers and partners.....	40
3.5.1. Customers	40
3.5.2. Partners	41
4. Corporate Governance.....	45
4.1. Financial and managerial control arrangements between NMGW and NAW	45
4.2. Internal and external audit.....	46
4.3. The Audit Committee	47
4.4. Management of Finances	49
4.5. Conduct of business	50
4.5.1. Contracting out.....	50
4.5.2. Openness	51
4.5.3. Complaints handling	51
4.6. Monitoring the quality and efficiency of service delivery	51
4.6.1. Improving efficiency.....	52
4.6.2. Human resources development	52
4.7. Probity and Propriety	53
4.8. Diversifying income.....	54
4.9. Managing finances effectively	54
5. REFERENCES.....	57
Appendix A Summary, principal conclusions and recommendations of the Interim Report.....	61
Appendix B Terms of reference	63
Appendix C Consultation document and letter	67
Appendix D Actions taken by the Museum in response to the previous quinquennial review ...	77
Appendix E Details of Consultation.....	81
Appendix F BRIEF CVs OF CORE REVIEW TEAM.....	87

Tables

Table 1: Membership of Court.....	15
Table 2: Governing bodies of National Museums	16
Table 3: Meetings of Court since 1994.....	17
Table 4: The appointment of members of the Museum's Council	21
Table 5: programme of meetings between the National Assembly and the Museum	24
Table 6: Successive remit letters Dec 1997-April 2001.....	25
Table 7: Milestones in the NMGW Planning Process	26
Table 8: Key elements of the Assembly timetable relevant to the Museum's planning process	27

Table 9: Distribution of resources at NMGW compared with Department of Culture Media and Sport Review average	28
Table 10: Meetings of Council since January 1999	33
Table 11: The management structure of the Museum	35
Table 12: Performance targets for the National Museums and Galleries of Wales(1) - Corporate Plan 2000-01 - 2002-03.....	36
Table 13: National Museums & Galleries of Wales's expenditure, performance and plans	36
Table 14: Comparative Museum performance on key indicators.....	37
Table 15: Cost per visitor at Museum sites, 1999-2000.....	38
Table 16: Grant cost per visitor, and grant cost per educational visitor for various Museums 1999-2000	39
Table 17: The Audit Committee	47
Table 18: Tendering exercises for MUSEUM services.....	50

ACKNOWLEDGEMENTS

We acknowledge the detailed support given to us by the Officers, Councillors, Court, Director and staff of the National Museums & Galleries of Wales without which this report would not have been possible. We are also grateful to all those other stakeholders who submitted written comments to our consultation exercise or gave their time in interviews to assist our study.

1. Summary and principal conclusions and recommendations

This is the Final Report on the Quinquennial Review of the National Museums and Galleries of Wales (the Museum). The review was carried out by the School of Public Policy at the University of Birmingham and the report written by Peter Watt, with the assistance of Simon Delay..

In carrying out our review we consulted a wide range of persons and organisations by means of a written consultation exercise, scrutiny of documents and face-to-face interviews. In the course of this work we benefited from a large number of extremely well-considered points made to us by consultees.

We found much to impress us in our contact with the Museum.

The Museum currently operates museums in eight locations across Wales. This wide geographical spread provides major benefits in terms of access.

1.1. Principal Conclusions

Our principal conclusions are that the Museum is a well-governed and well-directed organisation that has recently made fundamental improvements to its arrangements for delivering the strategic objectives of the Assembly. It provides an impressive array of achievements at a reasonable cost. At the same time, its arm's-length relationship with the Assembly gives it a degree of independence necessary to its role in the long-term sustainable stewardship of the treasures vested in its trust.

1.2. Recommendations

Our main recommendations are as follows.

- (1) We recommend that the Assembly should invite the Museum Court to consider reorganising the system of Governance of the Museum into a format where the Court ceases to receive an annual report from the Council, Director and Treasurer of the Museum. (p. 22)
- (2) We recommend that the Museum should hold an open annual meeting to report on its activities, accounts and plans and to receive comment from the public. (p. 22)

- (3) We recommend that that the Museum and sponsor division should consider the Museum's scientific contribution to areas such as environment, land-use, mineral resources and construction and whether there is scope to develop and promote further scientific initiatives by the Museum. (p. 24)
- (4) We recommend that the remit letter should be issued and published at an earlier time in the year to fit in with new Assembly guidelines (p.25)
- (5) We recommend that the Museum, in discussion with the Assembly, should revise the timing of its corporate planning processes taking into account the Assembly's forthcoming revision of guidelines on Corporate Planning. (p. 27)
- (6) We recommend that the Museum reviews its provision of training to Council so that it enables members to further understand their purpose and role and keep up-to-date on best practice. (p. 34)
- (7) We recommend that the Museum should pursue further its initiatives in making comparisons of resource allocation with other similar organisations and sets up a process whereby findings are fed into decision making about allocating resources to objectives and priorities (p. 31)
- (8) We recommend that in whatever way the alternatives for changes to the governance of the Museum discussed in this review are taken forward, the appointments procedures adopted should be open and transparent and in line with the Nolan principles (OCPA, 1998, 2001. 2001a) (p. 33)
- (9) We recommend that the Museum should review its current arrangements for the delivery of exhibitions, displays and interpretation with a view to developing a strategy for updating elements of this area of its activities. (p. 40)
- (10) We recommend that the Museum should proceed with its extension to the collections centre at Nantgarw as a priority, (p. 39)
- (11) We recommend that the Museum should pursue further the use of consultation exercises, possibly along the lines it has recently used to investigate public views on the display of art to gauge public reaction to other areas of provision and policy development. (p. 40)
- (12) We recommend that discussions on the possibilities of closer working should continue between the CMW and the Museum. We recognise that Ministers may want to agree the timescale of any follow-up action with both institutions in the light of decisions on how to follow up 'Resource' in Wales. (p. 43)

- (13) We recommend that the Management Statement and Financial Memorandum for the Museum (CSWLD, 2000) be completed over the next few months as a matter of priority. (p. 45)
- (14) We recommend that the current limit for year end carry forward of unspent funds should be increased from two per cent to five per cent. (p. 45)
- (15) We recommend that the Museum should be allowed the flexibility to consider taking out commercial insurance for third party claims (p. 46)
- (16) We recommend that the Assembly should review the current delegated authority levels, to consider the scope for greater flexibility. (p. 46)
- (17) We recommend that the Museum and its auditors should consider how audit resources can be utilised to assist management in a stronger value-for-money focus. (p. 47)
- (18) We recommend that the Museum should review the full implementation of the new financial management system and its consequential impact on management controls. Both the National Audit Office and the internal auditors should be involved in this. (p. 49)
- (19) We recommend that the internal controls on cheques should be changed so that, for cheques of between £1,000 and £5,000, a single signatory is sufficient. (p. 49)
- (20) We recommend that the availability of specialist senior financial management expertise should be reviewed with a view to further strengthening this key field. (p. 49)
- (21) We recommend that the Museum should add a further independent member to the Audit Committee. (p. 48)
- (22) We recommend that a comprehensive efficiency plan should be put in place in line with the requirements of the financial memorandum and the approach set out in Better Quality Services (Cabinet Office, 1998a,b), and that this be a priority for the next five years. (p. 52)
- (23) We recommend that the Museum should seek to investigate further the possibilities of contracting out, as part of an overall efficiency plan. (p. 50)
- (24) We recommend that further work on diversifying income should be a key priority for the next five years. (p. 54)

2. Introduction

2.1. Background

The National Assembly for Wales is committed to review each Assembly Sponsored Public Body (ASPB) every five years in a program of Quinquennial Reviews. This Quinquennial Review of the National Museums & Galleries of Wales was announced by Edwina Hart AM, (Minister for Finance Communities and Local Government) and Jenny Randerson, AM, (Minister for Culture, Sports and the Welsh Language) on 6 November 2000.

This Quinquennial Review considers the future of the National Museums & Galleries of Wales (the Museum), how best the services and functions it provides should be delivered and whether any improvements are needed to increase efficiency.

The Review has been carried out in two stages. Stage 1, which was the subject of an *Interim Report*, (Watt, 2001) covered the questions of:

- whether functions of the kind currently carried out by the National Museums & Galleries of Wales remain necessary;
- whether the current organisational framework is the most appropriate structure for an organisation designed to carry out functions of this kind or whether some other arrangement would be more effective.

The principal conclusions and recommendations of the *Interim Report* are reproduced here as Appendix A on page 61 of this report.

This current document, the *Final Report*, is designed to review the strategic effectiveness of the Museum and consider whether improvements can be made to the delivery of the Museum's functions. This report also examines whether resources are being managed effectively, whether progress is being made in improving the efficiency of the Museum's operations and the effectiveness of its corporate governance.

2.2. The Previous Quinquennial Review

The previous Quinquennial Review (Welsh Office, 1994) was published in August 1994. It made 24 recommendations. These are summarised in Appendix D of this report (page 77) in the form of a table showing each

recommendation and the Museum's response. Some of the issues raised in the previous Quinquennial Review remain current and are considered by this review. The Museum has instituted the major bulk of the recommendations of the previous Quinquennial Review.

2.3. Terms of Reference

The terms of reference for this review, as revised in April 2001, are set out in full in Appendix B on page 63.

2.4. Methods

This report and the preceding Interim Report are based on an extensive process of consultation. A consultation letter and accompanying consultation document were sent out in December 2000 to 147 consultees. The consultation document and letter are reproduced as Appendix C on page 67. We received 47 written replies from a wide range of respondents. Of these, thirteen were from learned societies and associations, ten from universities, eight from members of the Museum Court or Council, seven from local authorities, six from patrons and three from other Museums. A list of those replying is set out in Appendix E on page 81. In addition to the consultation exercise we carried out a large number of interviews with interested parties and these are also listed in Appendix E.

Our work was guided by a steering committee. We conducted a programme of face-to-face interviews with stakeholders of the Museum and with senior staff of the Museum. We consulted 56 individuals in this way. Details are set out in Appendix E. We have also held discussions with the Museum Council at two of their meetings, attended Museum Art Collections policy meetings in Cardiff and Llandudno and a public meeting on the same subject in Cardiff and made formal and/or informal visits to all the Museum's sites. We have also studied extensive documentation supplied by the Museum.

3. Strategic Effectiveness

3.1. The Museum's Achievements

The Museum has provided a significant range of achievements to the nation over the last five years. We discuss these under the headings access, collections, product development and partnership and research.

Access

In our *Interim Report* (Watt, 2001 p. 19) we argued that the most fundamental of the Museum's activities is providing access to its collections. It is therefore of note to report that this is the area where the Museum, with assistance from the Assembly, has been able to record the most striking of its recent achievements. The Museum introduced free admission to all its permanent collections from 1 April 2001, implementing this policy at least six months before the Department for Culture, Media and Sport (DCMS) is due to implement a similar policy at the national museums in England.

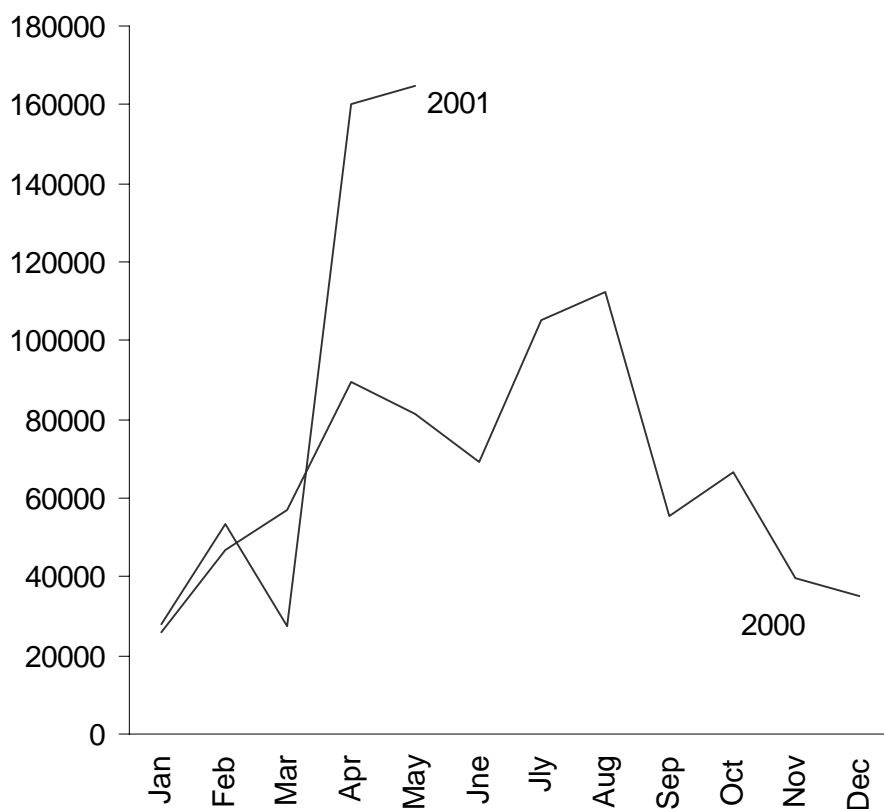
Free admission has led to a dramatic increase in the number of visitors to the Museum. The first two months saw 324,651 visitors compared with 171,133 visitors in the same two months in 2000, an increase of 90 per cent. Monthly visitor numbers for 2000 and 2001 are shown in Figure 1 below.

In the financial year 2000/2001, NMGW attracted 689,973 visitors, despite the foot and mouth crisis and it being the wettest year on record.

In 1999 the Museum opened its Glanely Gallery, which innovatively promotes access to the collections through hands-on artefacts and activities and themed weeks.. At the Roman Legionary Museum, the Studio and Pegasus Centre have been refurbished to improve the value of educational visits to the site, and provide hands-on learning opportunities.

The Museum has also enhanced access by promoting a number of major events and exhibitions, including a new Halloween event at the Museum of Welsh Life and popular exhibitions such as "Tracking Dinosaurs", "Megabugs", "Princes as Patrons" and "Horrible Histories" at the National Museum Cardiff. The Museum has also invested in staff involved directly in facilitating education and life-long learning. As a result, the six major Museums now employ dedicated education staff.

The public regards the Museum's sites as being very enjoyable. In an exit survey carried out in 2000, when the sites were charging for admission, visitors considered that they were offering very good value for money and the Museum is described as one of the UK's top 10 museums by the *Which? Guide to Tourist Attractions* (Which? 2000).

Figure 1: Visitors to all Museum sites 2000-01

Collections

The Museum can record a number of achievements in relation to its collections.

It is putting in place major improvements in collections storage with its acquisition and development of the Collections Centre at Nantgarw. During 2000/2001, thousands of items were loaned to 207 venues throughout the world.

Considerable external funding has been secured by the Museum to supplement its collections grant to enabling it to acquire works by Stanley Spencer and David Hockney, and major pictures by Reynolds and Zoffany. The Museum has also acquired significant historical coin hoards and internationally important collections in Biodiversity and Geology

Product development and partnership

The Museum can record numerous achievements in product development and partnership.

An important area of product development and partnership is the Museum's Industrial Strategy for Wales. A public consultation in 1998 on this strategy

was well received and the project is currently being delivered in four phases:

- Re-development of the Welsh Slate Museum was completed in 1999 with the aid of a £1.5m Heritage Lottery Fund grant. This development led to an increase in the number of visitors from 28,268 in 1999/2000 to 53,890 in 2000/01 an increase of over 90 per cent.
- The Museum has formally integrated with the Big Pit Mining Museum in Blaenafon. This has made secure fifty jobs and the project has been awarded a grant of £4.96 m for development from the Heritage Lottery Fund, which will be supported with extra matched-funding. Big Pit lies within the World Heritage site designated in December 2000.
- The Museum has plans for the redevelopment of the Museum of the Welsh Woollen Industry in Carmarthenshire and successfully submitted a first stage Heritage Lottery Fund bid to fund this work.
- Well-advanced plans have been put in place for partnership between the Museum and the City and County of Swansea to develop a new Industrial and Maritime Museum for Wales, which will provide a new waterfront destination in Swansea's old port area.

In addition, the Art in Wales gallery in the National Museum and Gallery, Cardiff opened in 1998 as a venue for numerous successful exhibitions of the work of Welsh artists.

1998 was the fiftieth anniversary of the establishment of the Museum of Welsh Life. That year a major refurbishment of the castle and its historic gardens was completed. A very popular recent development at the Museum of Welsh Life is the "House for the Future", provided in conjunction with a range of partners including the BBC and Redrow Homes. The House for the Future was the subject of a three-part BBC documentary and helps to educate and inform visitors on sustainable development issues.

The Museum is also an active partner in the Padarn Forum. This is a marketing partnership in North Wales chaired by the NMGW Director and which has raised substantial EU funds for marketing Llanberis and its locality.

The Museum is the leading partner with the National Library in the all-Wales digitisation strategy through its "Gathering the Jewels" project, which has just been granted £1.04m in funding through the New Opportunities fund.

Research

The Museum has recorded a significant number of research achievements in recent years. An important activity is its involvement in the EU-funded INTERREG survey of Irish Sea life. This is a collaborative project with the National Assembly for Wales, the Countryside Council for Wales, Welsh

Local authorities and Bangor University together with Irish partners. Two substantive reports have been published.

The Museum has provided a major contribution to an international treatise on invertebrate palaeontology, with staff fieldwork sponsored by the Royal Society. and has also recently completed a definitive survey and atlas of mine sites in Wales (MINESCAN) for the Countryside Council for Wales, enabling better regulation and conservation planning

The Museum has also contributed to the training of local scientists in Africa and South America via the DETR's Darwin Initiative, as part of the UK's contribution to meeting the aims of the 1992 Rio Earth Summit

Lastly, the Museum has participated in the Royal Society and Royal Geographical Society's "Shoals of Capricorn" project in the Indian Ocean. This work is based on the strength of the Museum's international mollusc and marine worm collections, and is again leading to the training of local scientists.

We conclude that the Museum provides major benefits to the people of Wales and internationally through enhancements to access, improvements to collections, the development of its products and partnerships and through its contributions to research.

3.2. The Assembly's strategic objectives and the Museum's response

The Assembly's strategic objectives have been set out in three recent documents:

- *Putting Wales First: A Partnership for the People of Wales* (NAW, 2000p)
- *Betterwales.com* (NAW, 2000)
- *A Culture in Common* (NAW, 2000a)

The most important and recent of these, *Putting Wales First: A Partnership for the People of Wales* was published in October 2000 (NAW, 2000p). The document set out the first partnership agreement between the Welsh Labour Party and the Welsh Liberal Democrats for "the beginning of a new administration in which two different and distinct parties commit together to create a distinctly Welsh programme of government". The document endorses the policies and processes currently in place, "set out for instance in *betterwales.com*" unless they are specifically amended in the partnership document.

Putting Wales First implemented some important changes, with implications for the Museum. The agreement specified that a new Assembly Secretary for Arts, Culture, Language and Sport would be created "in order to reflect the importance of the cultural sector within Welsh life" (NAW,

2000p, p. 20). The document also stated that, “We will strengthen the voice of leading artists and arts organisations to assist in drawing up and implementing a long-term strategy for the arts in Wales.” The Museum’s collections policy consultation exercise makes an important contribution to this objective.

According to *Putting Wales First* “high quality, lifelong, education, available to all the people of Wales is our highest priority.” (NAW, 2000p, p. 5)

Putting Wales First is not taken account of in the Museum’s current corporate plan (NMGW, 2000c) as it came out after the plan was written. However, the corporate plan does identify four key Assembly objectives, as set out in *Betterwales.com* to which it contributes, namely

- Better opportunities for learning
- A better stronger economy
- Better quality of life
- Better simpler government

We believe that it is appropriate for the Museum’s Corporate Plan to focus on these objectives as they are set out in *Betterwales.com* (2000, p. 11) as key priorities.

In the Museum’s forthcoming Corporate Plan 2002/2003 – 2004/2005, which is currently in draft form the Museum also identifies its contribution to the fifth *Betterwales.com* priority: Better health and well-being.

Both the current Corporate Plan and the forthcoming Corporate Plan show how the Museum contributes to these Assembly objectives. The objectives of the Assembly are identified and the Corporate Plans explicitly address the issue of how the Museum’s activities identify with these objectives.

Betterwales.com also identifies three major themes

- Sustainable development - meeting the needs of the present without compromising the ability of future generations to meet their own.
- Tackling social disadvantage - the development of an inclusive society where everyone has the chance to fulfil their potential.
- Equal opportunities - the promotion of a culture in which diversity is valued and equality of opportunity is a reality. (*Betterwales.com*, 2000, p. 18)

The first of these three themes is strongly mirrored in what is identified as Strategic Issue 1 in the Museum’s forthcoming corporate plan. This strategic issue is that “NMGW must ensure that it can properly look after the collections and estates entrusted to its care.” (NMGW, 2001c) To achieve this, the Museum plans to improve storage and reduce the curation backlog. We make a recommendation about collection storage in this report on page 39 below.

By the spring of 2002 the Museum aims to have written a plan for submission to the Assembly, showing how it proposes to implement the principles of sustainable development throughout its work. (NMGW, 2001c).

The Museum's Strategic Issue 2 addresses the second of *Betterwales.com*'s themes, tackling social disadvantage. This issue is defined as being "To extend meaningful access to all sectors of society, especially those that do not yet believe that museums can be of interest or relevance to them."

Betterwales.com's third theme is equal opportunities. In relation to this theme the Museum aims to be recognised as "a dynamic cultural organisation that celebrates diversity" (NMGW, 2001c) The Museum has a well defined equal opportunities policy which is set out in the Staff Handbook (NMGW, 2000h, Section 2.3) The Museum states that it is "committed to the elimination of all forms of discrimination and harassment within its organisation, both in relation to its employees and in the provision of its services to the public." It also states that it is the policy of the Museum "that there should be equality of opportunity for all in terms of employment and advancement in the Museum on the basis of appropriate ability, qualifications and fitness for work, regardless of sex, marital status, disability, colour, nationality and national origin, ethnic origin, sexual orientation, family responsibility, age and religious belief".

The Museum has made a number of other initiatives in equal opportunities. The Head of Legal Services of *Race Equality First* has been introduced as a contributor to it's the Museum's induction training for all new staff and a comprehensive training programme in equal opportunities has been developed which will be delivered by an external agency.

The Museum has also introduced a whistle blowing policy and uses an external provider to field any calls, which may be made by staff in relation to any concerns that they may have. This was introduced in 1998 and to date the external provider has not received calls of a substantive nature.

We discuss the Museum's response to disability in Section 3.5 below.

Overall, we conclude that the Museum has been effective in responding to the National Assembly's strategic objectives. There is evidence from our discussions with Museum staff, Assembly officials and other stakeholders, and from the evolution of the forthcoming Corporate Plan, particularly when compared with the current Corporate Plan, that a desire to address the Assembly's priorities is now fundamentally embedded in the Museum's planning and operations.

3.2.1. Public Accountability

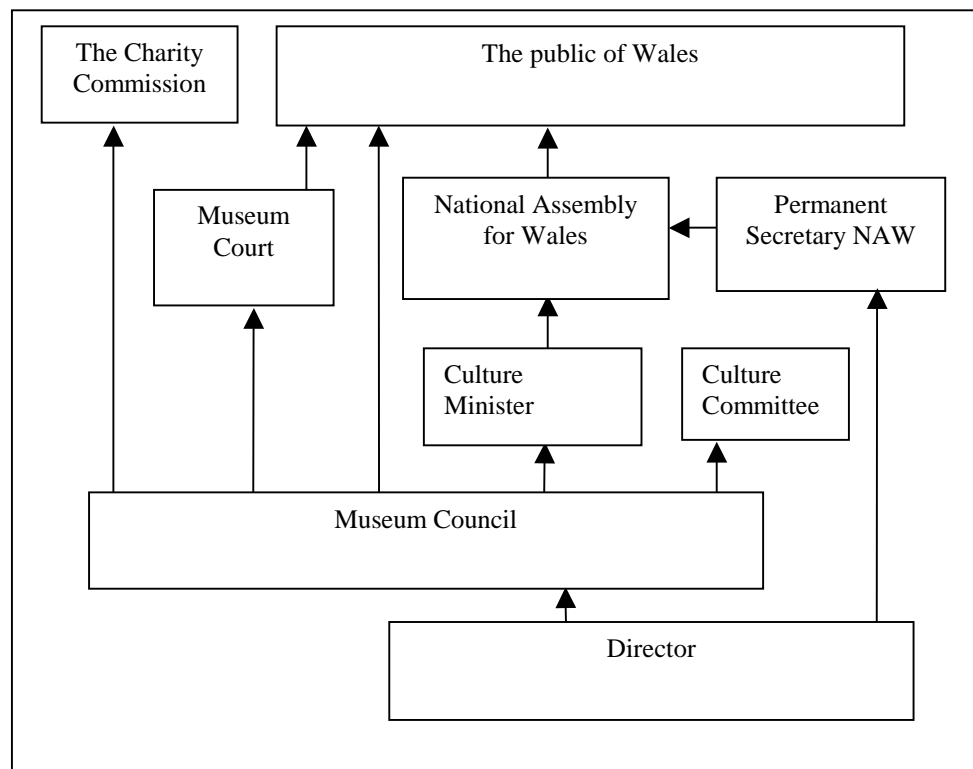
The structure of accountability for the Museum has been discussed in detail in the *Interim Report*. However, we summarise the main elements of accountability here before we proceed to a discussion of the role of the Court of Governors.

The Museum is accountable to the public of Wales, via the National Assembly for Wales and also via its Council and the Court. Figure 2 shows the main routes of accountability for the Museum.

In our *Interim Report* we recommended that “the Museum, in consultation with the Assembly, pursue the scope for improving the openness of the Museum’s governance arrangements” and that “consideration be given to the question of whether there is a need for the Museum’s Court, and if so whether there are changes that can be made to it that would add value to the Museum’s governance”.

The National Assembly subsequently added the question of “whether there is a need for the Museum’s Court, and if so whether there are changes that can be made to it that would add value to the Museum’s governance” to the revised terms of reference for the review; hence we discuss this question explicitly here.

Figure 2: The main routes of accountability of the Museum



3.2.1.a) The arm's length principle

In the *Interim Report* we argued strongly that the Museum should be at arm's length to the Assembly. *A Culture in Common* (NAW, 2000a) argues that:

“Government has traditionally maintained an arm’s length distance from the arts. We agree with the majority of respondents to the consultation that this principle must be preserved”.

The advantages of the arm’s length principle have also been pointed out in the House of Commons select committee report on DCMS quangos (House of Commons, 1999, p. vi, ¶¶6 & 7). Safeguarding collections requires long-term commitment and insulation from short-term political pressures. In addition, confidence in long-term commitment makes it more likely that private benefactors will make donations to the Museum. We therefore concluded in our Interim Report that the advantages of the arm’s length principle considerably outweigh its disadvantages. As a result of these arguments, we approach our discussion of the Museum Court from a viewpoint that whatever changes may be proposed it is necessary that they preserve the arm’s length nature of the Museum’s governance structure.

3.2.2. The Role of Court

In this section we address the question of whether or not there is a need for the Museum Court and if so how it might be reformed. Under the original Charter of the Museum, Court was a very large body representing a wide range of the interests of Wales. As recently as 1988 it had a membership of 188.

The 1988 Quinquennial review recommended changes to the governance of the Museum that reduced the size of the Court to around 55 members. The membership of Court was described in the Interim Report, but for convenience we summarise that description in Table 1 **Error! Not a valid bookmark self-reference.**

The rationale for the existence of Court and the criteria for membership of Court stemmed from an attempt to represent the interests of the public of Wales. Members of Court who might be seen as representing the public interest include the twelve members appointed by or from the Assembly, the Members of Parliament and the members representing local authorities. In addition Court includes a large number of representatives of organisations in Wales whose work relates to that of the Museum, including the University of Wales and the National Library of Wales.

How does the Museum’s Court look in comparison with other arrangements for Museums? Table 2 below shows the pattern of governing bodies for UK national museums. It can be seen that the arrangements made for the Museum’s governance is unusual seen against that of other UK museums. The normal pattern is to have a board of about 16 trustees mainly appointed by the government but also by the sovereign or other bodies. The accountability of the organisations is to the funding department, structured for England through the funding agreement, which is equivalent to the Museum’s remit letter.

Although the Museum’s pattern of governance is unusual seen against the practice in UK Museums, it is not unusual in a Welsh context, with the

National Library, the University of Wales and the University of Cardiff having a similar Court and Council structure. Indeed, it has been argued that Court and Council is a uniquely Welsh pattern of governance, and it is of note that the University of Wales Lampeter has just established a Court. Many universities have a Court. For example, the University of Birmingham has a large Court and Council.

The Court is not a decision making body. Its role is to receive from the Museum's Council and Director an annual report, summary accounts and statement of capital and investments of the Museum, and from the Treasurer an annual report of the financial affairs of the Museum (NMGW, 2001, §8.4). These are received in its Annual General Meeting in October. The Court also meets in April, elsewhere in Wales to be kept up-to-date on relevant issues.

Table 1: Membership of Court

No of persons	Who, or who from	Appointed by
1	President	Court
1	Immediate Past President	Court
1	Vice President	Court
1	Treasurer	Court
	Such other members of Council as are not otherwise members of Court	
6	Persons	National Assembly
Up to 6	Members of the National Assembly	Members of the National Assembly
Up to 6	Members of Parliament	Members of Parliament
13	Members Representing the 22 Local Authorities in Wales	The Councils for the 22 Local Authorities in Wales
2	Persons	University of Wales;
1	Person	National Library of Wales;
1	Person	Court of the Royal National Eisteddfod of Wales;
1	Person	Affiliated Museums of the Museum;
1	Person	National Museum of Wales Society;
7	Persons not being otherwise members of the Court*	Court
1	Person	Committee for Wales of the National Trust;
1	Person	Arts Council of Wales;
1	Person	Wales Tourist Board;
1	Person	Council of Museums in Wales;
1	Person	Welsh Joint Education Committee;
1	Person	Welsh Council of the Confederation of British Industries;
1	Person	Welsh Trades Union Congress;
1	Person	Welsh Wildlife Trusts Limited;
1	Person	Countryside Council for Wales;
1	Person	Cambrian Archaeological Association;
1	Person	Council of British Archaeology;
1	Person	The Federation of Museums and Galleries in Wales.

* of whom one at least shall be a head teacher of a school maintained by a local authority in Wales and of whom one at least shall be a representative of an institution of Higher or Further Education in Wales other than the University of Wales.

Table 2: Governing bodies of National Museums

Organisation	Governing Body	Number	Appointed by
British Museum	Trustees	25	Sovereign (1) PM (15), Trustees (5), Others (4)
Imperial War Museum	Trustees	22	Sovereign (1), Ministers (14), Commonwealth Governments (7) – (ex-officio)
National Gallery	Trustees	12	PM (11), Tate Gallery (1)
National Maritime Museum	Trustees	16	(16) PM
National Museums and Galleries on Merseyside	Trustees	14-20	SoS for Culture, Media & Sport (all)
National Portrait Gallery	Trustees	16	PM (14), ex officio (2)
Royal Air Force Museum	Trustees	14	Secretary of State for Defence
Royal Armouries	Trustees	(6-11)	SoS for Culture, Media & Sport (9), Sovereign (1), SoS for Defence (1)
Science Museum	Trustees	12-20	PM
Tate Gallery	Trustees	11	PM (10), National Gallery (1)
Victoria and Albert Museum	Trustees	12-20	PM
National Galleries of Scotland	Trustees	7-12	Secretary of State for Scotland
National Museums of Scotland	Trustees	Up to 15	Minister for Environment, Sport and Culture, Scottish Parliament
NMGW	Council	16	4 Nat Assembly, 4 Council, 8 Court
National Museums and Galleries of Northern Ireland			

Source: *The National Museums*, Museums and Galleries Commission, 1988, updated by correspondence with DCMS

Meetings of the Court are open to the public and the minutes are now published on the Internet. Table 3 below shows meetings of Court since 1994. From the attendance figures it can be seen that if the overall membership of Court is assumed to be 60 then between a half and a third of members of Court generally attend its meetings, with an average of 42%.

As pointed out in the *Interim Report*, and as a matter of considerable practical importance, changes to the Court would require the consent of Court and assent of the Privy Council. The Assembly may invite the Court and Council to suggest amendments to their Charter².

² Welsh Office, 1997, p. 18.

Table 3: Meetings of Court since 1994

Date	Location	Present	Sent Apologies	Points raised/questions
Oct 1994	Cardiff	28	20	2
Oct 1995	Cardiff	29	19	5
March 1996	Cardiff	19	26	10
Oct 1996	Cardiff	32	9	12
Oct 1997	Cardiff	30	18	11
Oct 1998	Cardiff?	35	20	11
April 1999	Caernarfon	22	24	7
November 1999	Cardiff	27	22	9
April 2000	Llanberis	27	21	11
October 2000	Cardiff	30	15	6
April 2001	Wrexham	21	20	6
	Average	25 (42%)	17.83 (30%)	7.5

Source: NMGW records

In our consultations, nobody argued to us that the Court should continue to operate in its current form and there was a clear reluctance amongst consultees to be enthusiastic about the benefits of meetings of Court.. Views were less clear on what should therefore take its place. The options would appear to be either that the Court should evolve to increase its added value, or that it should lose its current role and the governance of the Museum be based on the more standard UK trustee model. We discuss these options in turn.

3.2.2.a) Option 1: Evolving the role of Court to add value

A number of suggestions for improving the operation of the Court have been made to us, including reducing its number to twenty or so, meeting round a table in a less formal way, and using video conferencing to reduce the considerable travel cost it imposes on many members. There could be considerable merit in exploring these possible changes.

It has also been argued that the Court contains a considerable pool of expertise that the Museum could draw upon more effectively. One minor way of facilitating this would be for the Museum to organise the circulation of pen portraits written by court members of their areas of expertise and what they can contribute. More importantly, the officers and Council of the Museum have recently had some initial discussions on the question of how the Court might evolve to make more use of the expertise it contains and it is useful to report this in some detail. The present thinking of the Officers and Council is that:

- There should continue to be a Court because of the strengths that its wide membership brings to the Museum not only at the Court meetings but also “on call” from Court members as individuals at any time. These strengths complement those brought by the links with the Assembly and its officials. The Museum would be poorer without them.
- The membership of the Court (Statute IV) is a balance of the wide range of stakeholders in the Museum – from the Assembly, Members of Parliament and local government through education and relevant voluntary bodies to industry (CBI, Wales TUC and Wales Tourist Board).
- These accountabilities to the Court are in addition to the direct accountability of the Museum (and of its Director as accounting officer) to the Assembly under the terms of its Financial Memorandum and its annual Remit Letter. That very important accountability to the Assembly makes it the more important that the other stakeholders should have the parallel direct means of involvement in the governance of Museum that the Court provides.

The proposal that the officers and Council are considering putting to the Court is that the Museum should develop a group of partnerships with the stakeholders with whom it deals and that the Court should be remodelled to be the twice yearly coming together of those partnerships to take an overview of the operation of the Museum – and, by its powers of appointment, be able to influence those operations. Those partnerships might be

- the Assembly and Parliament
- local government
- education
- voluntary bodies relevant to the activities of the Museum
- commerce and industry.

In this model, the Court would still meet in public. The officers and Council argue that under the above broad headings all the present members of the Court can be seen as appropriate to one or other of them, though they intend to consult on whether the present members (in background and numbers) do adequately represent the proposed partnerships and they suggest that some adjustment to the Statutes might be necessary when that full consultation has taken place.

The officers and Council envisage that the Museum would work with these partnerships throughout the year to deliver its mission and to assist them to deliver theirs throughout Wales. The expectation would be that each partnership would then develop a greater sense of ownership of the work of the Museum – and the obverse – with a consequent better understanding of the issues that the Museum is addressing, and a greater contribution to make

at the meetings of the Court. They hope and believe that this will lead to higher attendance at Court and more debate. They intend to consider the format and physical layout of Court meetings to see what contribution changes to those can bring to the functioning of the Court.

The officers and Council also intend to consult on the idea that the Court could be strengthened by its having a different chair from the Council, with the President chairing the Council. (See the Interim Report, §4.4.7.c)

The officers and Council argue that there is much work to be done to take forward such proposals and to test them with Council, Court, Assembly and the Museum's stakeholders generally. They anticipate that this will take some months, with consultation with Council, Court and Assembly taking from now until the October meeting of Court and the consultation with wider groups thereafter.

Discussion

The advantages of an evolution of the Court would be the solution it provides to the representation of a wide range of stakeholders and the retention of their support for the Museum. In discussing the question of whether Court should be abolished or evolved the P-E. Inbucon Review (1988) took the view that

...the balance of advantage at this time lies in minor modifications to the existing constitution, rather than a change to a Trustee system that mirrors the constitutional arrangements of the National Museums and Galleries in London and Scotland. It would raise less controversy, it could more easily be achieved by Privy Council assent, it would be less disruptive, and a strong representational element could be maintained in the Court. (P-E. Inbucon, 1988)

Against such an evolutionary approach it can be argued that the main routes of *accountability* should be to the public both via the Assembly and direct. Seen in this context we believe that as presently constituted the Court represents an unnecessary complication of these accountability relationships. It is also difficult to discern from the above model what actually might change. For example it is suggested by the officers and Council that "under the above broad headings all the present members of the Court can be seen as appropriate" (page 18above). An alternative option would be to base the governance of the Museum on a more standard Trustee model. We now discuss this option.

3.2.2.b) Option 2: A trustee model

We discuss here whether the Museum should cease to be accountable to the Court, with the Council instead being accountable to the public and the Assembly. Removing the Court's role of receiving an account or report from the Museum invites the question of whether the Court should cease to exist entirely. Although such an approach has the value of simplicity, it can be argued that the Court has a role as a resource that the Museum can draw

upon and with abolition such a resource would be lost. We have sympathy with this view. Indeed, in the absence of changes to primary legislation it is up to the Court itself to decide what changes it wishes to make. Such a body might be thought of as a partnership group. At present the Museums and Public Affairs Committee of the Council (see *Interim Report: Appendix 5*) performs a similar role and a valuable body might be constructed from elements of the Court and this Committee.

.The main thrust of the discussion here is that the Court should cease to be a body to which the Museum is accountable. Whether this means that it should cease to exist entirely or evolve into a partnership group is taken to be a separate question which we return to at the end of this section of the report. As discussed below, such a partnership group might in addition have a valuable role in making independent appointments to Council. However, it would cease to be a body that the Museum accounts to.

As noted in the *Interim Report*, this is not the first time a move towards the trustee model has been discussed.

The 1984 Welsh Office Staff Inspection report recommended that the Museum should introduce legislation to alter its governing structure, i.e. abandon the Court and Council and appoint a board of Trustees limited to between 12 and 20, who should be chosen for their management, financial, cultural and academic backgrounds and interest in the Museum. This would be in line with the arrangements covered by the 1982 Heritage Act, which set out the changes necessary to establish Boards of Trustees for the Victoria and Albert, Science Museum and Royal Botanical Gardens. The National Museums and Galleries of Scotland have also adopted a trustee structure” (P-E Inbucon, 1988).

The Court of the Museum gathers together a large number of parties with an interest in its activities. However, although these parties have an *interest* in the Museum’s activities, it can be argued that they are not an entirely appropriate body for the Museum to account to. This is because they substantially represent the interests of other organisations dependent on the public purse. There is a relatively thin representation of the public as public.

We discussed the role of the Court with a number of its members and also read the minutes of the last five years’ meetings. The major parts of the meetings of Court are devoted to receiving the Directors report and the accounts. We also examined the minutes of Court since 1994. Such an analysis may be unfair as minutes usually condense discussion. However, having said that, there still did not seem to be a great deal of discussion – the last column in Table 3 above gives a count of questions and points raised as recorded in the minutes – on average about eight.

If the Court ceased to be a body that the Museum accounted to, a question would arise about whether there should be some replacement for that element of accountability. (We note from Figure 2 that the Museum would still be accountable to the Assembly). There are also issues that might arise about the mechanisms of appointment to Council in which the Court currently has an important statutory role. We discuss these issues in turn.

On the question of accountability we believe that it may be valuable for the Museum to account to the public in a public meeting. It is creditable that meetings of Court have been open to the public, and press attendance at such meetings can be an important mechanism of accountability. Disappointingly, however, there has been very little public attendance in practice. It is surely the case that the public would be interested in attending public meetings held by the Museum – the recent heavily-attended meeting on the Display of Art held on 17 May, with an attendance of over one hundred is a case in point.

In *Quangos: Opening the Doors* the Westminster government states that:

NDPBs³ should hold an Annual Open Meeting where this is practicable and appropriate... The Government wishes to encourage NDPBs to hold other meetings in public where their boards feel that such meetings would be a useful way of fostering a greater understanding of the NDPB's objectives or would provide a valuable mechanism for consultation. (Cabinet Office, 1998, ¶20)

Most, if not all, Department of Culture, Media and Sport Museums have an annual open meeting (DCMS, 2001). We believe that the value of the reporting currently carried out at meetings of Court would be strengthened if an annual report were made at a public meeting. The pattern established by Court of holding some of its meetings at locations other than Cardiff could be continued.

The second question that arises in relation to the Court is how appointments to Council would be made if Court no longer existed or evolved to a partnership group. At present, of the 16 members of the Council, eight are appointed by the Court. Details are given in Table 4 below.

Table 4: The appointment of members of the Museum's Council

Existing system			Possible new model	
No	Description	Made by	Description	Made by
1	President	Court	1 President	NAW
1	Immed. Past Pres.	Court	1 Immed. Past Pres,	NAW
1	Vice president	Court	1 Vice President	Council
1	Treasurer	Court	1 Treasure	Council
4	Members from Court	NAW	4 Appointees	NAW
4	Members from Court	Court	4 Appointees	1 NAW, 3Council
4	Persons	Council	4 Persons	Council

*with the *agreement* of Council, **SHC a revised “stakeholder body”

Source: Charter and Statutes

One option for change would be for the National Assembly to take over the appointment role of the Court in entirety. However, we have argued strongly above that it is desirable to preserve the arm’s length principle and we believe that such a change would threaten a desirable degree of independence of the Museum.

³ NDPSs is short for Non-Departmental Public Bodies, the English equivalent of Assembly Sponsored Public Bodies.

In addition there is the question of the Charity Commission's requirements for independence. The Museum is a registered rather than an exempt charity. Registered charities need to be independent as part of the requirements of charitable status (Charity Commission, 2001). It is therefore desirable from the point of view of independence that the National Assembly should not dominate the appointments process.

The right hand side of Table 4 has been constructed by us as one possible way of preserving a desirable degree of independence for the Council as trustees of the Museum. In this model the National Assembly would take over six of the appointments formerly made by Court. Of the four members of Court formerly appointed by Court to the Council, these might be replaced by one person appointed by the National Assembly and three appointed by Council. Another model might see a partnership group having powers to appoint or propose three of its members as members of Council instead of the latter three Council appointments. Whatever mechanism is adopted, it is important that procedures are not unnecessarily lengthy (House of Commons, 1999, p. xi).

Our view is that the arguments about evolving to a partnership group or moving to a more standard trustee model based on just the Council are quite finely balanced.

In our view, although meetings where the Museum reports to the Court as a mechanism of accountability of the Court are informative, and do draw together a number of persons with knowledge, influence and views that are relevant to the governance of the Museum, we believe that these benefits do not outweigh the considerable organisational, time and travel costs of holding such meetings⁴. In our consultations we did not encounter enthusiasm for this "receiving account" role of the Court. In addition, we believe that this role of the Court over-complicates the pattern of accountability.

We therefore recommend that the Assembly should invite the Museum Court to consider reorganising the system of Governance of the Museum into a format where the Court ceases to receive an annual report from the Council, Director and Treasurer of the Museum.

If such a move were made with the present Council taking on the role of trustees in the standard UK trustee model, we nevertheless believe that there should still be a meeting where the annual report of the Council and Director would be presented.

We therefore recommend that the Museum should hold an open annual meeting to report on its activities, accounts and plans and to receive comment from the public.

⁴ Although such figures are to be treated with caution, we note in Table 9 that the Museum appears to devote a higher percentage of its resources than the average museum in the DCMS survey.

In addition we believe that evolution of the Court along the lines discussed above into a partnership group, possibly with powers to appoint a small number of members of Council may have merit.

Lastly, we note that the current President retires in 18 months time and do not believe any such moves along the above lines would be desirable or practical before then.

3.3. The Museum's relationship with the Assembly

This section and section 4 on Corporate Governance are concerned with “the ways in which the suppliers of finance to [the Museum] assure themselves of getting a return on their investment” (Shleifer and Vishny, 1997).

The formal structure of accountability of the Museum to the Assembly for the grant-in-aid that it receives was set out in detail in the *Interim Report*. The primary route of accountability is to the Minister for Culture, Sport and the Welsh Language. The Minister sets the policy framework for the Museum, monitors its performance and answers to the Assembly for its activities. At a level of detail, officials in the Culture Division carry out much of this work.

It is important to see the Museum's relationship with the Assembly in the context of the revolutionary changes that devolution has brought. In the words of an early study of the working of the Assembly:

In July 1999 the Secretary of State for Wales formally transferred most of his powers to the National Assembly for Wales. The new, and inevitably very inexperienced, cabinet secretaries and assembly members had immediately to operate a unique legislature based on an untested constitutional model. Meanwhile, civil servants, trained and socialised into Whitehall conventions and used to the limited policy horizons and simple structures of a territorial department, had to begin to unlearn their old ways and adapt to serve a substantially more complex and unpredictable machine. (Laffin and Thomas, 2001, p. 45)

These changes have had a positive and stimulating effect on the work of the Museum, but there has been a steep learning curve for all involved. Compared with the former Welsh Office arrangements there has been a much higher level of interest in the Museum's work from the Assembly and, at the same time, a higher level of expectations.

The effect has been an increased need for the Museum to discern and respond proactively to the Assembly's expectations. At the same time the Assembly has a need to be informed at a higher level of detail of Museum plans and aspirations.

We heard evidence that this relationship had improved greatly over the past year with much improved understanding on all sides. An important element of this improved understanding has been a number of meetings of those

involved, including meetings between the Culture Secretary and the President and Director of the Museum, and meetings between officials and Directors of the museum. A regular programme of meetings has been set up as shown in Table 5 below. We believe that such a programme of meetings is a valuable process that should continue.

Table 5: programme of meetings between the National Assembly and the Museum

Frequency	Meeting between	In attendance
Bi-annually	Culture Minister, Museum President, Vice President, Treasurer	Head of Culture, Sport and Welsh Language Division (CSWLD) and staff, Director NAW Education and Training Department, Museum Director and Director of Resource Planning
Quarterly (as part of review of operational plan)	Head of CSWLD Head of Museums and Lottery Branch, CSWLD Director of NMGW and Director of Resource Planning, NMGW	Museum Planning Assistant
Fortnightly	Head of Museums and Lottery Branch, CSWLD, Director of Resource Planning, NMGW	

One issue that has been raised that relates to the Museum's relationship with the Assembly is the particular issue of the relationship of the Museum's scientific departments with the Assembly. Although recognition of Wales and the Welsh nation's contribution to science is of key cultural importance, science within the Museum also provides benefits more widely to areas such as environment, land-use, mineral resources and construction.

We recommend that the Museum and sponsor division should consider the Museum's scientific contribution to areas such as environment, land-use, mineral resources and construction and whether there is scope to develop and promote further scientific initiatives by the Museum.

3.3.1. The remit letter

A key document in the relationship between the Assembly and the Museum is the annual remit letter. Table 6 below summarises some elements of the last four remit letters sent since 1998-99 – the first two issued by the former Welsh Office, and the second two by the National Assembly.

Table 6: Successive remit letters Dec 1997-April 2001

Year	2001-02	2000-01	1999-00	1998-99
Date of letter	April 2001	April 2000	Feb 1999	Dec 1997
Total Grant (£ million)	15.994	14.509	13.516	12.427
Running costs	14.144	12.345	11.263	10.452
Purchase grant	1.075	1.389	1.278	1.100
Capital expenditure	.775	.775	.775	.775
Big Pit	*		.200	.100
Income generation	**	1.642	1.256	1.396

* *Big Pit running costs no longer ring fenced*
** *The Assembly is reviewing scoring for receipts*
Source: NAW remit letters

Examining successive remit letters we believe that they are evolving to provide an improved medium of communication between the Assembly and the Museum.

We have already have already recommended publication of the remit letter (Recommendation 8, Interim Report); we also believe that an earlier issue of the letter will be desirable.

We recommend that the remit letter should be issued and published at an earlier time in the year to fit in with new Assembly guidelines.

3.4. Corporate planning

We believe that the Museum's corporate planning process has been successful in directing resources to Assembly objectives and priorities. There has been an increased degree of reviewing the need for expenditure within the corporate planning process. For example there has been a continuing process of deleting a number of high level posts and using savings to recruit more operational staff.

The impact of the removal of entry charges from April 2001 has been very positive in terms of visitor numbers, whilst the Assembly has made some provision for consequential increases in running and maintenance costs. The policy has so far been even more successful than had been anticipated, and this has had knock on affects on costs. The Assembly and the Museum need to continue to monitor the developing experience of increased access and its necessary effect on costs.

In the longer term, focus on access puts pressure on other factors such as curation. The challenge for the Assembly and the Museum will be to ensure

sufficient funds are devoted to maintaining the sustainability of the collections.

The current dates and processes in the Museum’s planning cycle are as set out in Table 7 below.

Table 7: Milestones in the NMGW Planning Process

Date	Operational Plan	Corporate Plan
Oct 2000	Departmental Action Plans drafted	
Nov	Departmental Action Plans drafted	
Dec	Departmental Action Plans drafted	
Jan 2001	Operational Plan drafted	Corporate Plan drafted
Feb	Draft Remit Letter from NAW Council discuss draft Operational Plan and agree priorities	Corporate Plan drafted
Mar	Operational Plan re-drafted	Corporate Plan drafted
Apr	Final Operational Plan to Council Final Remit Letter from NAW	Council consider draft Corporate Plan, identify emerging issues and agree priorities for next 3 years
May	Final Operational Plan to NAW	Corporate Plan re-drafted in the light of Council comments
Jun		Draft Corporate Plan to NAW
Jul		Final Corporate Plan to Council Final Corporate Plan to NAW

The Museum plans to revise this timetable next year to take into account the revised guidelines on Corporate Planning recently issued in draft form by the National Assembly for Wales. This will involve starting the Action Planning process earlier and bringing forward the date at which the Museum Council discuss the Corporate Plan in order to ensure submission of the plan to NAW fits in with their budget planning round.

The Assembly has recently issued a draft timetable for the policy and resource planning cycle. Key elements of this relevant to the Museum’s planning process are set out in Table 8 below.

Table 8: Key elements of the Assembly timetable relevant to the Museum's planning process

Month	Action for ASPBs	Month	Action for ASPBs
April		October	Draft allocation of funding
May		November	
June	Corporate plans submitted	December	Final allocations in Assembly's final budget
July	“” “”	January	Remit letter issued
August		February	
September	Ministers approve targets	March	Business plan approved by Minister

Source: National Assembly

Drafting and re-drafting of Museum plans is carried out in consultation with Directors at their regular planning meetings, the Museum planning group, Council and with wider consultation to staff and externally (e.g. via on-line comments form for the Corporate Plan published on the Museum's website).

We believe that the Museum has made important strides in improving its Corporate Planning process and has moved from a position where the Corporate Plan was a secret document to the current approach, where the corporate plan is widely discussed, published on the web and has achieved a credible degree of top down and bottom up ownership. In addition we believe, as discussed in Section 3.2 above that the corporate plan has been an important instrument in articulating Museum activity to Assembly objectives.

We recommend that the Museum, in discussion with the Assembly, should revise the timing of its corporate planning processes taking into account the Assembly's forthcoming revision of guidelines on Corporate Planning.

3.4.1. Distribution of resources

In order to investigate how appropriately resources are allocated at the Museum it is of interest to make comparisons between the Museum's allocation of resources and the allocation of resources in other museums.

Such information is not easy to come by. However, a useful basis for comparison is provided by the work of the Department of Culture, Media and Sport in their Review of the Efficiency and Effectiveness of the Government-sponsored Museums and Galleries (DCMS, 1999). In the DCMS study, Heads of Finance of all the 27 UK National Museums and Galleries were asked to estimate the percentage of operating expenditure spent on each of twenty activities identified in the review's "business model". Responses were received from 15 of these organisations and DCMS published the average distribution of expenditure in their report (DCMS, 1999, p. 42). This information is reproduced as column c of Table 9 below.

Table 9: Distribution of resources at NMGW compared with Department of Culture Media and Sport Review average

Category of expenditure	a	b	c	100 x (b-c)/c
	NMGW 1999/00 cash outturn £	NMG W %	DCMS Study averag e %	Percentage difference between NMGW and DCMS average
Operations and maintenance	2,939,473	23.72	18.04	31.47
Visitor services	1,137,058	9.17	11.00	-16.60
Security	1,266,251	10.22	10.88	-6.10
Display and interpretation	1,555,281	12.55	9.60	30.72
Development and PR	54,258	0.44	4.92	-91.10
Marketing	468,879	3.78	5.13	-26.26
Education	816,294	6.59	4.65	41.64
Conservation	273,920	2.21	4.57	-51.64
Collection development	1,800,071	14.52	4.40	230.08
Major projects	148,572	1.20	4.26	-71.86
Research	382,436	3.09	3.78	-18.37
Human resource management	256,363	2.07	3.59	-42.38
Financial management	267,606	2.16	3.17	-31.89
Collection documentation	155,948	1.26	3.08	-59.15
Information systems management	364,390	2.94	3.01	-2.32
Collection storage	57,742	0.47	2.40	-80.59
Governance	389,357	3.14	2.11	48.89
Strategic planning and performance management	29,348	0.24	1.78	-86.70
Loans	12,654	0.10	0.55	-81.44
Catering	18,102	0.15	0.28	-47.84

We asked the Museum to carry out a similar exercise, and the Museum's distribution of resources is shown both in cash terms in column a, and also as a percentage split of resources in column b.

It is of interest to ask whether the Museum's distribution of resources differs from that of the average distribution of resources in the Museums in the DCMS survey.

Where such differences are found, a number of possibilities arise. A major reason for an apparent divergence of resource distribution is differences in definitions of expenditure categories and methods of apportionment used. For example it is not very clear where precisely to draw the line between Marketing and Public Relations or Visitor Services and Security (DCMS, 1999, p. 43).

Where the Museum differs greatly from the DCMS averages, questions therefore arise about the definitions of data, but if such differences remain after definitional issues have been resolved, interest focuses on other reasons for differences.

An important reason for divergences is likely to be the fact that the Museum is a multi-site organisation, whereas most of the DCMS nationals operate on a single site, or are at least much more concentrated geographically.

Benchmarking exercises of this kind are fraught with difficulties. Although the table does show differences between the percentages of resources allocated to activities between the Museum and other nationals, these differences may be purely the result of difference in data definitions and in the functions of the organisations. Nevertheless, differences do suggest further inquiry, and there may be lessons to be learned.

In Table 9, the biggest excesses of Museum spending over the DCMS average are in Collection development (+230%), Governance (+49%), Education (42%), Operations and Maintenance (+31%) and Display and Interpretation (31%).

Collection development may appear high at the Museum as a matter of data definition. The large percentage of resources allocated to collection development results from a difference in definition between the Museum and the other respondents to the DCMS study. The museum's cost allocations for collection development were based on an activity analysis that used collection stewardship as its main definition for this area of activity. The effect has been that the costs associated with the majority of the museum's curatorial activity were allocated to this area.

As a result of the questions that arise from such comparisons, the Museum is keen to undertake a further exercise and share the outcome with its peers, in order to develop better its resource allocation activities.

The DCMS averages include a number of closely related activities: conservation, collections development, collection documentation, collection storage and loans. Adding these together for the DCMS group gives a total resource share of 15%, compared with a total in this area for the Museum of 18.56%. Overall resources devoted to collections at the Museum therefore compares quite closely with the DCMS average, although the distribution of spending, or the allocation of spending varies quite widely across headings.

This discussion illustrates the potential for greater use of comparative benchmarking to inform strategic planning at the Museum.

The Museum has a comprehensive Collections Management Policy, which was initially prepared in 1996 but was reviewed in July 2000 (next review 2005). The Collections management Policy is based upon nationally recognised best practice standards as set down by the Museums Association. It forms part of the documentation submitted to the then Museums and Galleries Commission, (now Resource) as an essential part of the Museum's registration process. Such policies also have to be submitted with any major funding application to the Heritage Lottery Fund, and are therefore subject to several forms of peer-review and testing.

Reason for the apparently high spending on governance may lie in the unusually extensive governance structure of the museum that we have noted above. Operations and maintenance is the biggest single area of Museum spending. Reason for it being above the DCMS average may be a result of the large number of sites and the need to provide services at each of their re-erected buildings at the open-air site at the Museum of Welsh Life and the Welsh Slate Museum. Because it is the single largest category of Museum spending any savings identified in this area would be of considerable importance.

On the other hand the museum devotes a considerably lower proportion of its resources than the DCMS average to Development and PR (-91.10), Strategic Planning and Performance (-86.70), Loans (-81.44) and Collection storage (-80.59).

We note that the Museum has recently strengthened its strategic planning and performance, and development and public relations with new directorial appointments and believe that these functions are showing marked improvement. Loans is currently an area where the Museum is slightly behind performance targets and it may be that this area should receive higher priority. Collection storage apparently receives a low proportion of resources. In Table 14 below, the Museum shows up as having a low proportion of satisfactory storage space in comparison with other National Museums and we discuss this issue further there.

As we have noted, comparisons exercises of this kind initially raise as many questions about data definition as they do about Museum policy. However, we believe it is appropriate that the Museum pursues the questions that this exercise raises and incorporates such exercises into its corporate planning process.

The Museum currently carries out a number of benchmarking activities. It is the only Welsh Member of the Consortium of Leading Visitor Attractions, it does some benchmarking with Madam Tussauds, the Victoria and Albert Museum and the Science Museum and makes comparisons informally with the National Museums & Galleries on Merseyside and the National Museums of Scotland.

The Museum is a member of the National Museums Directors Conference and its sub group the "Consortium". At these meetings there is a regular

opportunity to benchmark informally with other National Museums. However the Director of Resource Planning recognises the benefit of creating more formal structures for the exchange of information and has suggested to the full time officers of the Conference that they should facilitate this process. This work is therefore at an early stage but it is clear that there is a desire to obtain a greater understanding of how other national museums allocate their resources in order that the resource allocation process can be undertaken at a more strategic level within the Museum

We believe this work is of high potential benefit and that it would be worthwhile to extend such activities further.

We therefore recommend that the Museum should pursue further its initiatives in making comparisons of resource allocation with other similar organisations and sets up a process whereby findings are fed into decision making about allocating resources to objectives and priorities.

Another question highly relevant to the Museum's distribution of resources relates to the issue of the degree of emphasis on the "of Wales" primary object of the Museum's Charter as distinct from the "whether connected or not with Wales" secondary object of the Charter. (NMGW, 2001)

We discussed this issue at some length in our Interim Report (pages 18-19) and concluded that "the Museum should extend exercises to survey public opinion (such as its current exercise in public consultation in the future display of fine and applied art) to questions of the balance of functions of the Museum and to the degree of emphasis on Wales" (see Appendix A to this report on page 61).

As a major part of this consultation process has now taken place, it is useful to provide some brief details here. Public consultation on the future display of fine and applied art arose from the following commitment in the Museum's operational plan for 2000/2001.

'Carry out a consultation exercise on the future display of fine and applied art with the aim of achieving greater visibility for works of (1) Welsh origin and inspiration, and (2) from the post-1945 period.'

The consultation is in two stages. Important elements of the first stage are.

- Discussions with a wide range of people with particular roles in the arts, or parallel experiences in other institutions. Six consultation sessions were independently facilitated and documented to form a body of thinking for later stages of the process. 79 attended.
- An open meeting, independently facilitated and reported upon. 105 people attended.
- The receipt of written and e-mail responses from invitees
- Workshops within NMG to consider how the planning of the various aspects of the building may progress.

For stage two, the Museum plans to disseminate a Stage 1 report, debate and refine its response to the issues and bring forward proposals for a second stage consultation, aiming for a complete report to be published by January 2002. The report will propose objectives to fit within the current three-year planning framework and also examine and what can be achieved in the longer term

3.4.2. The Council and the Directorates of the Museum

3.4.2.a) Council

Appointments

As discussed above, the Court and Council appoint twelve members of the Council of the Museum and the Assembly appoint four. The Assembly's appointments process includes advertisement, and a selection panel including an Independent Assessor and the relevant Minister or senior official, subject to the principle of proportionality.

In overseeing the appointments process for Court and Council's appointments to Council, the Museum's Nominations Committee seeks to recruit members with expertise and knowledge relating to at least one area of the Museum's work, willingness to give freely of their time and expertise, and ability to contribute to the work of the Museum without conflict of interest. They also seek to take into account other considerations of balance.

In our *Interim Report* we discussed appointments to Council and also to Museum panels in some detail. We noted there that the Museum was planning to establish and make public new procedures. The Museum's nominations committee has considered the need to augment its membership by an independent appointment from outside the Museum and if necessary from outside the museum community. As a result they consulted the Minister for Culture, Sport and the Welsh Language, requesting advice on the availability of lists of potential candidates and the use of advertisements in such a process. National Assembly and Museum officials are now considering this matter.

In addition, we note that the National Assembly is currently reviewing the question of remuneration of members of ASPB governing bodies (NAW, 2001), and that the question of the future of Court also raises implications for the process of appointments.

In our *Interim Report* we made a recommendation that "the Museum, in consultation with the Assembly, pursue the scope for improving the openness of the Museum's governance arrangements (see Appendix A, p. 62 of this report).

We recommend that in whatever way the alternatives for changes to the governance of the Museum discussed in this review are taken forward, the appointments procedures adopted should be open and transparent and in line with the Nolan principles (OCPA, 1998, 2001. 2001a)

The effectiveness of the Council

As discussed in more detail in the Interim Report, members of the Council currently have expertise in archaeology, art, history, records and archives, science, business and commerce, country matters, education, finance, industry, law and management. The gender balance is 7 men and four women; there are seven Welsh speakers and four English only speakers.

The Council meets four times a year. Table 10 below sets out the location and attendance at meetings since January 1999. The full membership of Council is sixteen although there may be vacancies from time to time. Taken as a proportion of the size of the committee minus vacancies, average attendance over this period has been very good at 11.6 or 84%, as high as that calculated in the previous Quinquennial Review (Welsh Office, 1994, p. 21) which found the same average attendance of 84%.

Table 10: Meetings of Council since January 1999

Date	Location	Present	% present	Sent Apologies	Vacancies
April 2001	Wrexham	12	86	2	2
February 2001	Cardiff	10	83	1	4
October 2000	Cardiff	12	100	0	4
July 2000	Cardiff	10	71	3	2
May 2000*	Cardiff	5	**	9	2
April 2000	Llanberis	15	100	0	1
January 2000	Cardiff	11	85	2	3
October 1999	Cardiff	10	71	4	2
July 1999	Cardiff	12	86	2	2
April 1999	Llanberis	12	80	3	1
March 1999	Cardiff	11	73	3	1
January 1999	Nantgarw	13	87	1	1
	<i>Average**</i>	<i>11.6</i>	<i>84</i>	<i>1.8</i>	<i>2.1</i>

**Special Meeting to discuss the Corporate Plan **Excluding special meeting May 2000*

Examination of the minutes of the Council Meetings since the last Quinquennial Review conveys a strong impression that the Council is exerting effective control over the Museum. Over the last two years the Corporate Plan has received increased and early attention from the Council and we welcome this trend. The Museum has recently introduced training for new members of Court and Council and we also welcome this development.

The literature places much emphasis on appropriate training for trustee bodies, and we recommend that the Museum reviews its provision of training to Council so that it enables members to further understand their purpose and role and keep up-to-date on best practice.

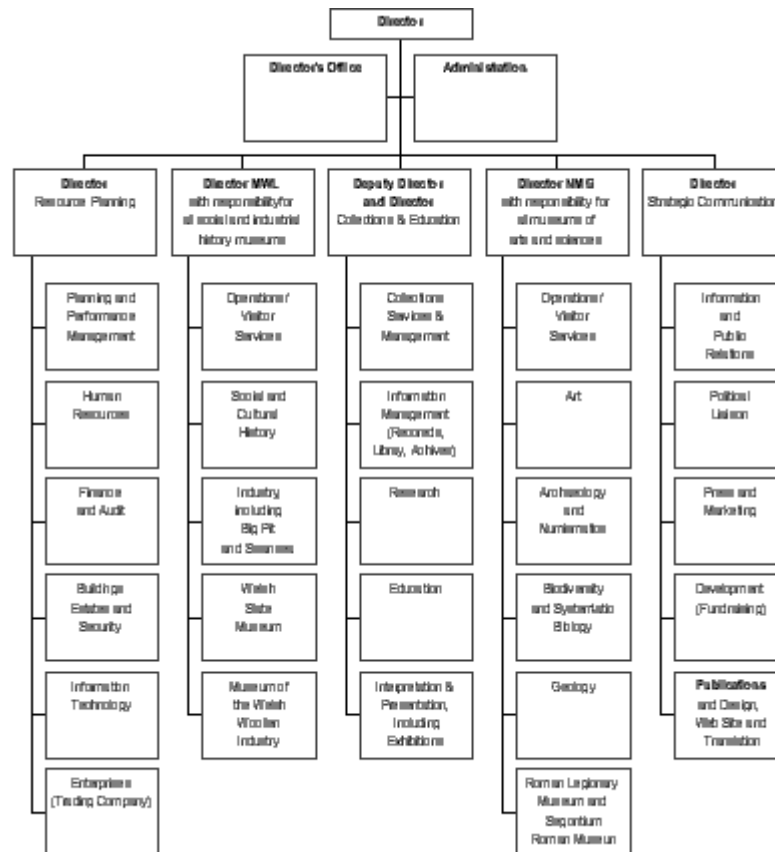
3.4.2.b) The Directorates of the Museum

The professional staff of the museum are organised under five directorates led by the Director, Anna Southall. This basic structure is set out in Table 11 below.

The Management team has been considerably strengthened by the creation of the posts of Director of Strategic Communication and a Director of Resource Planning. These appointments have enabled the Director and Deputy Director to pursue a more strategic focus in their work, have allowed the Museum to make significant improvements in its corporate planning, public relations and marketing, and have been fundamentally important to the process of embedding the desire to address the Assembly's priorities remarked upon above.

As well as the new post of Director of Strategic Communications, a new team comprising a Head of Strategic Marketing and a Senior Press and Public Relations Officer is currently being recruited. The Museum has recognised the need for these posts to further develop its position as an internationally recognised museum. At the same time changes are being made to the way that marketing and press services are provided its sites across Wales and this will allow a more focused and proactive approach to be taken.

We believe that it has been necessary for the Museum to develop a stronger corporate control over resources in line with the Museum's priorities as informed by the Assembly's strategic objectives. We believe the programme of changes has borne fruit and that senior management team is now delivering such control. We are confident that this control and leadership will develop further under the current structure.

Table 11: The management structure of the Museum

3.4.3. The Performance of the Museum

3.4.3.a) Performance against targets

The extent of monitoring and reporting of the Museum's performance has increased markedly in recent years and is evidence of the Assembly moving towards exerting a more structured strategic control over its spending bodies. Performance targets for the museum are included in the annually revised Corporate Plan that is submitted to the Assembly. The Corporate Plan sets out targets for performance over a 3-year period. The primary performance targets for each financial year are agreed with the NAW and laid out in the Remit letter. Primary targets are also included in the NAW's strategic plan *Betterwales.com* (2000, p. 51), which used the Museum's 2000/01-2002/03 Corporate Plan (NMGW 2000c) as the source for its performance targets for the Museum. The targets in *Betterwales.com* are reproduced as Table 12 below. Targets and performance data are updated as more recent information becomes available. The most recent set of primary targets pending the publication of the Corporate Plan for 2002/3-2004/5 in July are presented in Table 14 below, which also shows comparative data from other Museums.

Performance information is also reported in a summary table for the Museum in the National Assembly's *Performance Report* (NAW, 2001, Annex 2) and this is reproduced as Table 13 below.

Table 12: Performance targets for the National Museums and Galleries of Wales(1) - Corporate Plan 2000-01 - 2002-03

Target	1999-00	2000-01	2001-02	2002-03
Number of visitors in education related parties (000's)	160	168	175	185
Total number of days open for all sites	2,359	2,632	2,430	2,791
Visitor Numbers (000's)	720	808	823	838

Source: *Betterwales.com* page 51.

Table 13: National Museums & Galleries of Wales's expenditure, performance and plans

	£'000						
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99		1999-2000	
				plans	outturn	plans	outturn
Gross expenditure	14,526	13,482	13,557	13,723	16,576 ⁽¹⁾	14,772	14,902 ⁽²⁾⁽³⁾
Receipts	2,027	1,155	1,230	1,396	1,249	1,256	1,256
Grant in aid ⁽⁴⁾	12,499	12,327	12,327	12,327	15,327	13,516	13,646
Running costs	10,452	10,452	10,452	10,452	10,452	11,263	11,393
Purchase grant	1,140	1,100	1,100	1,100	1,100	1,278	1,278
Capital	907	775	775	775	775	775	775
Staff numbers	461	461	461	457	455 ⁷	455 ⁷	458 ⁷

Key Performance Indicators against Strategic Targets

	1996-97	1997-98	1998-	1999-2000		
	achieved	achieved	99achieved	target	achieved	
Visitors ('000)		751	739	716	802	662 ⁽⁵⁾
Time galleries open (%)		80	84	87	87	- ⁽⁶⁾

(1) Increase reflects £3 million allocation to purchase storage facility at Nantgarw

(2) Includes £200,000 to enable NMGW to play greater role in running of Big Pit Mining Museum

(3) In 1999-2000, £300,000 was allocated towards the proposed Welsh Industrial maritime Museum at Swansea using part of the proceeds from the Cardiff Bay site

(4) Grant in aid = gross expenditure less receipts

(5) Target visitor numbers were not achieved because of a number of factors including a decrease in visitors to Wales generally and the closure of one site

(6) The indicator changed mid year and comparable figures are not available

(7) Corrected figures (NMGW Financial Report 1999-2000).

Source: NAW (2001) Annex 2

3.4.3.b) Performance of comparable bodies

Table 14: Comparative Museum performance on key indicators

Performance Indicator 2000-2001	NMGW Target	NMGW Actual	NMGM Target	NMGM Actual	IWM Actual	NG Actual
Grant-in-aid as a proportion of total operating spend	92.71	88.2%	86%	86%		88%
Percentage of time open	52%	45.5% ¹	56%	51.2% ²	64%	68%
Total visitor numbers	738,000	689,900 ³	700,000	611,000 ⁴	1.61m	4.8m
Children visiting	324,700	255,440	245,000 (35%)	189,410 (31%) ⁵	400,000	410,000
No. of people visiting to participate in educational programmes	170,000	201,310	100,000	81,162 ⁶		150,200
Participants in educational outreach programmes	100,000	114,220	1,000	2,443	292,000	2,000
No. of web-pages viewed	840,000	900,870	500,000	636,000		
Percentage of space meeting appropriate standards for collection storage	29.00%	57.00%	99% ⁷	99%		90%
No. of venues to which loans have been made	248	207 ⁸	61+16 ⁹	81+15	180	37
Percentage of collections interpreted through electronic media	To report 2001/2	13.05%	1%	0.1% ¹⁰ (internet)	7% (internet)	
Average days lost through sickness	-	7.92	8	11 ¹¹	6.2	6.
Time lost as a percentage of full-time employment	3.25 %	3.9 %				

Notes:

1. Variance from target due to staff shortages, flooding, closure of MWWI for building works and foot and mouth crisis
2. Reflects weekday closure of WAG and LM
3. All sites except NMG and TH closed 1-20th March owing to Foot and Mouth crisis; wettest 12 months on record; up on 99/00 4. Weekday closure of WAG and LM has depressed overall figure
5. Percentage downturn reflects effect of educational visit reduction at LM and WAG during weekday closure periods
6. Reflects weekday closure of WAG and LM
7. Endorses value of investment in Juniper St development
8. Reactive to demand
9. Reflects demand and not true targets
10. Data conversion behind schedule due to recruitment and retention difficulties
11. Data now revised for 5 day working week

Source of data: NMGW

The Museum has recorded a good performance in relation to its targets for educational visitors, participants in educational outreach programmes and number of web pages viewed, percentage of space meeting appropriate standards and in reducing its reliance on grant aid. It has done less well in relation to targets for visitors numbers (although free admission is currently

changing this), proportion of time open, loans, although the first two of these indicators were adversely affected by the foot-and-mouth crisis.

Another source of comparative information is the different Museum sites, with Table 15 below showing that the highest cost sites are the flagship National Museum and Gallery, Cardiff, and the Museum of the Welsh Woollen Industry. Lowest costs per visitor are at the Roman Legionary Museum and Segontium.

Table 15: Cost per visitor at Museum sites, 1999-2000

Site	Budget	Visitors	Cost per visitor
NMG	5,575,670	204,902	£ 27.21
MWL	3,380,750	323,566	£ 10.45
RLM	284,960	55,612	£ 5.12
MWWI	272,000	12,047	£ 22.58
WSM	578,130	46,963	£ 12.31
Dept of Industry	444,920	-	-
Turner House	72,330	8,939	£ 8.09
Segontium	54,200	8,833	£ 6.14
NMGW corporate costs	1,369,670	-	-
Total	12,032,630	660,862	£ 18.21

Source: NMGW data. Note Dept of Industry and Corporate costs have not been apportioned to sites in this table

It is also of interest to locate the Museum's costs in relation to those of other British Museums. Table 16 below shows the grant cost per visitor and also the grant cost per educational visitor. The Measures are obtained simply by dividing the total grant in aid each organisation receives either by their total visitor numbers or total educational visitor numbers. The lowest costs are recorded by some of the large London museums. The cost per visitor at the British Museum, which has free admission, is £6.31. The NMGW has a cost per visitor of £21.91, although this will be substantially reduced by free admission. The cost is close to the cost of the Museum's most similar comparator – the National Museums and Galleries on Merseyside, particularly when it is remembered that NMGW uniquely has a bi-lingual policy, which costs about £250,000 per annum. The Museum's grant cost per educational visitor looks favourable in relation to most institutions in the table.

Table 16: Grant cost per visitor, and grant cost per educational visitor for various Museums 1999-2000

Organisation	Visitors '000s	Grant £ '000s	Grant Cost per Vstr £	Tot Income £'000s	No of educ visitors	Gper EdVstr £
British Museum	5500	34700	6.31	45800	130000	266.92
IWM	1370	12100	8.83	26100	153000	79.08
National Gallery	4500	19500	4.33	32200	78000	250.00
Nat Mar Mus	860	10900	12.67	16600	112000	97.32
NGMM	660	13700	20.76	23600	110000	124.55
NMSI	2800	24500	8.75	53900	403000	60.79
Nat Portr Gall	1000	5100	5.10	14400	28000	182.14
Nat Hist Mus	1700	29600	17.41	40700	163000	181.60
Royal Armouries	218	4800	22.02	6200		
Victoria & Albert	1280	30000	23.44	44000		
NMGW	662	14479	21.91	17112	163000	88.83
NMS	854	13620	15.94	18537		

Source: Calculations from various sources

3.4.3.c) Performance issues that need to be addressed

Collections stewardship

Table 14 above giving in row eight comparisons with other national museums and galleries of percentages of space meeting appropriate storage standards raises a question of why such a low percentage of the collections are stored in unsuitable environmental conditions. The Museum has well-developed plans to address this with the assistance of the National Assembly. It can be argued that maintenance of collections is absolutely fundamental to the Museums purpose. The Museum's solution - (an extension to the collections Centre at Nantgarw) is timely.

We therefore recommend that the Museum should proceed with its extension to the collections centre at Nantgarw as a priority,

Exhibitions, Interpretation and display,

We note that responsibility for the delivery of exhibitions, displays, and interpretation is currently fragmented between several departments. With the enhanced educational opportunities arising from universal free admission, we would consider it timely for the Museum to examine the benefits of reviewing this area of its activities, particularly with a view to renewing some of its out-dated displays and in introducing more modern methods of interpretation.

Although the Museum has some outstanding permanent exhibitions, a varied and challenging temporary exhibition programme, and some high quality exhibition spaces that have been renewed in the last ten years, there

remain some older exhibitions, which are now looking tired and fail to meet the changing expectations of their visitors.

The Museum has been hampered in addressing the problem of out-dated displays by a lack of adequate storage and modern conservation facilities. However, the Museum argues that the extension of the existing collections centre at Nantgarw will provide such facilities and create sufficient storage to allow the Museum to redevelop its older displays and further expand the space available for public access.

The Museum is currently undertaking major reviews of space at its two largest sites and these will identify priorities for gallery replacement and a strategy for exhibition renewal will flow from this. The education strategy currently being compiled, will lay priority on visitor care and interpretation.

We therefore recommend that the Museum should review its current arrangements for the delivery of exhibitions, displays and interpretation with a view to developing a strategy for updating elements of this area of its activities

3.5. Responsiveness to its customers and partners

3.5.1. Customers

The Museum has established a regular cycle of surveys of its customers to enable it to understand better the expectations of its visitors. A better understanding of the expectations of its visitors allows the Museum to improve the cost effectiveness of its marketing budget. Where such surveys identify opportunities for improvement in the operation of the museum, these are considered at a strategic level and are followed through.

The Museum plans to expand the use of such research in the next year to not only elicit the views of its visitors but also to survey non-visitors to understand the nature of barriers to use. The Museum has also historically used focus groups to assess perception of particular Museum sites.

Visitor comment forms are available at all sites and these are used to gauge visitor reaction and to develop the quality of the service provided.

The museum is also subject to "mystery visitors" who are professionals from other similar establishments and such peer review is used to identify any areas for operational improvements and to assess the quality of the visitor experience.

We recommend that the Museum should pursue further the use of consultation exercises, possibly along the lines it has recently used to investigate public views on the display of art to gauge public reaction to other areas of provision and policy development.

Disability

The Museum has an active Disability Implementation Group. In December 2000 they identified three priorities for action – production of large print guides for each Museum site, greater access provision for persons with visual impairment, including Braille signage and a programme of identification of needs for visitors with audio impairment. In 1998 the Museum commissioned *Access Matters* to carry out access audits of all its sites and to make recommendations for improvements. As a result a programme of improvements is in process with a four level plan of priority works. The highest two priority groups of improvements are currently being implemented.

Amongst the comments made by the Disability Rights Commission in response to our consultation exercise, the following points were made.

The DRC considers that, in terms of best practice, the NMGW should ensure that not only does it make all necessary adjustments, but that it should actively 'advertise' the fact that it does so in all information provided. We note that the information on the web site confines itself to the accessibility of sites to wheelchair users and the availability of accessible toilet facilities. Whilst of course important, the DRC would urge that all further necessary adjustments are made and comprehensive information is made available in relation to the facilities and accessibility of facilities, etc, to disabled customers. This would include, for example, the provision of loop systems, Braille signs, accessibility of sites to visually impaired people in terms of lighting levels etc, the provision of a text phone for enquiries, disabled persons' car parking for those who require it, etc. The DRC would also suggest that NMGW make clear in information that appropriate exhibitions contain exhibits that visitors can touch and that are therefore more accessible to people with specific impairments such as a visual impairment.

In addition, the DRC would urge that the NMGW make clear the formats in which information is available ...[and] that the NMGW ensures that its web-site ,, is fully accessible to disabled people.

Whilst all projects in the Museum must compete for limited resources, we note that many of the suggestions above relate to communication about facilities including enhancement of information on the web site, which are unlikely to place heavy demands upon resources. It may be that there is value in the Museum strengthening its responsiveness to disabled customers particularly in relation to by making further improvements in communication about the facilities it offers, bearing in mind competing demands upon its resources.

The Museum is working to a strategy of addressing all issues required by the Disability Discrimination Act legislation.

3.5.2. Partners

The Museum has a wide range of actively pursued partnerships, which are described in its Position Paper included as Appendix 4 of the Interim Review. In brief the Museum works successfully in partnership with universities and other research institutions and with the non-national museums of Wales. It also has developmental and promotional partnerships,

which include the Padarn Forum at Llanberis, discussed earlier, the Blaenafon Partnership where World Heritage Site Status has been secured and the partnership with the City and County of Swansea to provide the National Waterfront Museum.

We discuss partnership with the Unions and with the Council of Museums in Wales below.

3.5.2.a) Trade unions

The museum currently recognises the three major unions operating in its sector and enjoys a constructive relationship with both the local and full time representatives. There is a Staff Forum, which is attended by representatives of the management and the unions, where there is an open agenda to discuss any operational or policy matters that may impact on Museum staff. Where working parties are set up to develop major policy changes the management ensure that appropriate union representation is in place. The recent experience of the grading and remuneration review is an example, where management and union representatives worked closely to develop the final proposals and full time union officials received copies of all of the paperwork generated by that group.

When free access was first introduced the increased visitor numbers did impose a strain particularly on some front-of-house staff. Following representation from the unions such issues were discussed and the Museum warmly welcomed their suggestions, and where possible changes in working practices were introduced. The Museum sees such consultation as an essential part of good employee relations and is keen to further develop such initiatives.

3.5.2.b) The Council of Museums in Wales

In the Interim Report we described the history and objectives of the Council of Museums in Wales (CMW) and indicated that we would return to the question of closer working between the two bodies in this report.

The functions of the two organisations are in fact quite distinct. CMW provides developmental services to its member museums aimed at raising and maintaining standards, while the National Museums & Galleries of Wales provides museum services to the general public.

CMW's work with the Museum contributes to two of CMW's strategic objectives listed in the Interim Report:

- To increase knowledge about the presence and state of museum collections in Wales.
- To provide a strategic overview of museum provision in Wales and to liaise with membership museums, the National Museums &

Galleries of Wales and other providers to identify priorities and needs.

There have been several informal discussions between the Directors of CMW and the Museum over the past year on how best to ensure the most effective and efficient provision for the museums and galleries that have stewardship and access responsibilities for Wales's national heritage. There are clear differences in the remits and governance of both organisations, but, more importantly, there is considerable common ground in their purpose.

Options for closer working range from integration of CMW to form a distinct division of the Museum to no structural change to either body, but more co-ordinated working.

Integration would involve significant change, but advantages to museums can be identified.. Access to a wide range of corporate services would be just one; these would include marketing and public relations, market research, performance measurement and management, education, human resource and financial planning and management as well as the core museum functions involved in collections management.

No change but more co-ordinated working might be less disruptive but would miss significant opportunities. The Museum would continue to provide the collections management services that it currently gives free to museums on an ad hoc basis. However, by channelling both the requests and the delivery through CMW, provision would be more strategic and thus more effective in improving standards in this core area of work. This would have the additional benefit of making the Museum's existing contribution more visible and of putting a value on it.

'The future use of CMW may be affected by the new advisory structures for museums, libraries and archives adopted in Wales following the establishment of 'Resource'.

We recommend that discussions on the possibilities of closer working should continue between the CMW and the Museum. We recognise that Ministers may want to agree the timescale of any follow-up action with both institutions in the light of decisions on how to follow up 'Resource' in Wales..

4. Corporate Governance

4.1. Financial and managerial control arrangements between NMGW and NAW

The basis of the financial and managerial control arrangements between NMGW and NAW is set out in CSWLD (2000). These arrangements are generally appropriate. However, the document is currently incomplete in respect of a number of appendices that are being drafted.

The current version was put in place last September, but the Museum and the Culture Division recognise that there is a need to revisit the document as a priority and this should be done over the next few months.

We therefore recommend that the Management Statement and Financial Memorandum for the Museum (CSWLD, 2000) be completed over the next few months as a matter of priority.

The rule permitting a maximum two per cent carry forward of unspent funds (CSLWD, 2000, Annex 1) is in practice too tight for the particular nature of payments at the Museum, which can be argued to be “lumpier” than those for many Assembly Sponsored Public Bodies. Co-ordinating the payments for expensive acquisitions can be complex, involving difficult negotiations between with vendors and possibly donors who are partly paying. This could result in the Museum’s contribution not being made in the financial year originally anticipated, especially for transactions planned for the last two months of the year. Whilst there are provisions for exceptional arrangements to be made, the lack of certainty does impose a constraint on the Museum’s ability to respond to acquisition opportunities.

The Treasury appears to be relaxing this in England. The Assembly is currently carrying out a review of this limit and an Assembly paper is expected shortly.

We therefore recommend that the current limit for year end carry forward of unspent funds should be increased from two per cent to five per cent.

The rule that “The Museum shall not take out any insurance without receiving prior approval of the Assembly”, subject to certain limited exceptions (CSLWD, 2000, p.34) imposes some difficulties for the Museum, exposing it to financial risks and denying them the claims handling expertise of insurers in areas such as public or employer liability. The underlying rule may make sense for large mainstream government functions but is at least questionable for an arm’s length organisation as small as the Museum, which must meet all its own costs with little consequent opportunity for risk pooling.

Although Government Indemnity Insurance generally covers the Museum, in the litigious environment within which organisations now operate, it would be valuable for consideration to be given to increasing the Museum's flexibility in respect of insurance.

We therefore recommend that the Museum should be allowed the flexibility to consider taking out commercial insurance for third party claims.

A number of specific requirements force the Museum to seek permission from the Assembly for transactions above specified amounts. Some of these seem low. For example any "special payment" above £2000 must have prior approval. More generally, we understand that these limits have not been altered to reflect inflation for ten years or more. The trend in public administration is now to seek tight control over total resources and within this to allow local managers to utilise resources as they see best in order to meet agreed targets and objectives. Whilst the Assembly can bring some expertise in proper process, the Museum management have the specialist expertise in their subject. Concerns over probity can be met by the remaining requirement to report novel or contentious payments (after the event) and the Assembly would still have the reassurance provided by routine audit and financial reporting arrangements that funds were being properly used.

We therefore recommend that the Assembly should review the current delegated authority levels, to consider the scope for greater flexibility.

4.2. Internal and external audit

Audit provides an important form of independent oversight and can cover both financial and performance-related issues. Internal audit is principally a safeguard for senior management (including the Council in the case of the Museum) to satisfy themselves that controls are appropriate whilst external audit is principally a means to reassure the public, funders and other external stakeholders.

The Museum is subject to external audit by the National Audit Office (NAO) and in addition has an internal audit function, which is outsourced to a firm of chartered accountants.

Both auditors have provided useful recommendations on the appropriateness of internal controls. We note that there is some concern about the timeliness of some internal audit reports. The Museum's management and the internal auditors are addressing this through the adoption of a more explicit service level agreement.

Increasingly internal audit is regarded as a means to take an overall risk-based approach to management and in this respect it will be important in future that audit plans at the Museum focus on the most significant risks faced by the organisation. We note that both auditors are concerned with how the Museum will address broader issues of risk management following

the recommendations of the Turnbull Committee and welcome this development.

The internal and external audit reports generally provide confidence that Museum is managing its finances well. However this view is subject to the results of the current interim audit report discussed below.

Currently the value-for-money work done by the internal auditors is limited and discussions have begun as to how this could be extended. The National Audit Office has undertaken some value for money studies and anticipates further value for money work in the next year.

Given the comments below on efficiency we welcome this and recommend that the Museum and its auditors should consider how audit resources can be utilised to assist management in a stronger value-for-money focus. We recognise that in the case of internal audit this will have a direct resource cost for the Museum.

4.3. The Audit Committee

Both auditors' reports are considered by an audit committee chaired by an independent person on a non-remunerated basis. This committee provides an effective focus receiving and acting upon auditor's recommendations.

Membership of the Museum's Audit Committee is set out in Table 17 below. The Committee meets four or five times a year.

Table 17: The Audit Committee

Members	Independent?
Peter Davis. (Chair) Retired Chartered Accountant, Chairman of Principality Building Society	✓
M C T Pritchard (President)	
Roger G Thomas (Vice President)	
G Wyn Howells (Treasurer)	
Peter Morgan Chartered Accountant, Managing Director Caradon Catnick	✓
L A Pavelin (Head of Financial Accountability Division, NAW)	✓
In attendance	
External Auditors (Ian Summers, Director, National Audit Office, Wales, Mike Usher, Audit Manager, National Audit Office, Wales)	
Internal Auditors	
Director of Museum Director of Social and Industrial History, Director of Resource Planning, Head of Finance and Audit, Head of Administration	

The Treasury has recently reviewed arrangements for audit and accountability of central government (HM Treasury, 2001). Their recommendations for departments are of interest for this review. The review discusses the role of audit committees and recommends that they should:

- be chaired by a non-executive director, or by a person from outside the department, appointed solely to chair the audit committee, without a wider role within the organisation (with appropriate support to ensure familiarity with the work of the department);
- if possible consist solely of independents (or at least have a majority of such people). Committees should not include either the Accounting Officer or the Principal Finance officer among its executive members, although they should attend meetings;
- consider whether all risks ... not just financial risks have been properly assessed;
- approve and review internal audit's work programme and receive internal audit reports;
- involve the external auditor and ensure that he/she receives all papers and is invited to all meetings;
- allow for the Chairman of the audit committee to hold private sessions with the internal and external auditors;
- challenge both external and internal auditors about their assumptions and methodologies;
- prepare an annual report to the Accounting Officer on their work, which could be published alongside the departmental accounts. (HM Treasury, 2001, p. 1)

The Audit Committee scores well against these criteria. The Chair is independent and there are effectively three external members including the Chair and the Assembly representative. There are three internal members. We understand that there are currently discussions with a view to adding a further independent member.

This would be welcome and we recommend that the Museum should add a further independent member to the Audit Committee.
--

Audit Committees in many organisations are broadening their role into coverage of general risk management following the recommendations of the Turnbull report. We are pleased to note that this process has begun in the case of the Museum.

It is possible for audit committees to be overly driven by the internal financial management of an organisation. The Museum's Audit Committee has a valuable record of questioning financial managers and it will be important to maintain and extend this as the organisation develops.

4.4. Management of Finances

The Museum has clear rules for authorising expenditure and processing payments. There is a clear system of budgetary control further bolstered by the new financial system, which is currently being implemented.

In some respects the internal controls may be too onerous – for example the requirement for two signatures on all cheques over £1,000.

We note that in recent years there has been some move to raise such limits, but we believe that this process could be extended and recommend that the internal controls on cheques should be changed so that, for cheques of between £1,000 and £5,000, a single signatory is sufficient.

The National Audit Office reported on what they deemed to be an inappropriate payment in 1998 authorised by a former Director. Following this, controls over the payment of items that may be novel or contentious have been strengthened.

The burden of introducing a new financial management system, continuing at the time of this review, appears to have resulted in some problems in the regular financial management procedures and this has been the subject of an interim National Audit Office management letter. At the time of writing a number of the issues raised had already been dealt. The full response to these issues will need to be the subject of audit review and this should take place through the normal audit process.

We recommend that the Museum should review the full implementation of the new financial management system and its consequential impact on management controls. Both the National Audit Office and the internal auditors should be involved in this.

One of the contributing factors to the above problems appears to have been dependence on a small number of key finance staff. Attention should now be focussed on ensuring that there is sufficient cover for key financial management tasks and complete documentation of procedures. In this context we note that the scope of the Museum's activities has grown and the financial environment it operates in has become more complex.

Accordingly we recommend that the availability of specialist senior financial management expertise should be reviewed with a view to further strengthening this key field.

The Director is well aware of her Accounting Officer duties and receives good support in the delivery of these functions.

The Museum uses accruals accounting, but until this year has needed to report to the National Assembly on a cash accounting basis, which has complicated financial analysis. The National Assembly's move to resource accounting from 1 April 2001 may allow some reduction in the need for extra analysis and reporting,

4.5. Conduct of business

4.5.1. Contracting out

Table 18 (page 50) includes a number of cases of contracting out. Opportunities for greater use of contracting out exist in a number of areas including cleaning and security.

We recommend that the Museum should seek to investigate further the possibilities of contracting out, as part of an overall efficiency plan.

Table 18: Tendering exercises for MUSEUM services

	ACTIVITY	PREVIOUS SUPPLIER	REVIEWED	CURRENT SUPPLIER	NEXT REVIEW
Corporate	Security/Warding	In-house	1995	In-house	TBA
Corporate	Legal Services	Eversheds	2000	Morgan Cole	2005
Corporate	Photography	In-house	1996	In-house	
Corporate	Telephones	Bailey-Telecom	2000	Bailey Telecom	2001
Corporate	Health & Safety	PHSC	2000	PHSC	2001
Corporate	Internal Audit	Deloitte Touche	1999	Grant Thornton	2002
Corporate	Pensions Administration	WM Mercers	1999	WM Mercers	2001
Corporate	Facilities Management	Planned Maintenance	1998	Planned Maintenance	2001
Corporate	Facilities Management Consultancy	In-house	2001	Torpe	2003
NMG	Catering	Gardner Merchant	1999	Eurest/Sutcliffes	2002
NMG	Cleaning	In-house	1995	In-house	TBA
MWL	Catering	Apple Catering	2000	Apple Catering	2003
MWL	Victorian Photography	J Moss-Vernon	2000	J Moss-Vernon	2003
MWL	Cleaning	In-house	1997	In-house	TBA
MWL	Blacksmith	DB Herbert	1997	Myfyrfa Peterson	2002
MWL	Visitor Attraction	Pulling Punches	2001	T&J Castle	2003
MWL	Shop	Cegin Cymru	1996	Cegin Cymru	2001
MWL	Out-of-hours Security	RBLA	1999	RBLA	2002
WSM	Catering	Cae Coch	1998	Taken over by NMGW 1999	2001
Nantgarw	Security cover	Chubb	1998	Chubb	2001
NWMS	Legal services: Swansea project	-	2001	Morgan Cole	2002
MWWI	Woollen mill	Antur Teifi	1988	Antur Teifi	2001

Source: NMGW

4.5.2. Openness

According to the House of Commons Culture, Media and Sport Select Committee, “It is an essential counterweight to the non-democratic nature of Quangos that they should be as open as possible in their work” (House of Commons, 1999, p. xii). The Museum has made a number of adjustments to its working practice with the object of demonstrating openness in all its activities. This has included the establishment of independent members on the Audit Committee, currently subject to further review.

The minutes of the meeting of Council and Court are available on the Museum's Website as are the complaints procedure and the Corporate Plan, with an invitation to the public to comment on the Museum's proposals for the coming three years. We have noticed that the Museum's website has been developing well during the period of this review, and welcome this and would wish to see this development continued. Indeed the substantial number of pages of information it contains makes the provision of a search tool on the site a priority.

The Court meeting is open to members of the public, which has led to the press being in attendance on occasions.

The Museum has undertaken two major consultation exercises in relation to its policy development. The first was a consultation on its industrial strategy and it is currently undertaking a similar exercise on the display of art. The Museum also used the consultees from the first stage of this Quinquennial Review as organisations to consult with in relation to the corporate planning process

4.5.3. Complaints handling

The Museum has recently updated its complaints procedure and this is set out in a document available on its Website at <http://www.nmgw.ac.uk/info/documents/complaints/index.en.shtml>

The complaints procedure is well designed and thoroughly set out and based on the Assembly's guidelines.

4.6. Monitoring the quality and efficiency of service delivery

The museum has undertaken a comprehensive review of activities that could benefit from contracting out to the private sector; these are identified in Table 18. With the recent formation of the Resource Planning Division the Museum recognises the need for such reviews to be built into its business planning cycle and this will be further developed over the coming years. In addition NMGW has exposed most third party supply contracts to competition covering all major utilities. A major review of its non-domestic

rates demands has been recently completed and stationery and supplies of other consumables are regularly tested.

4.6.1. Improving efficiency

The Museum's Directorate and other senior staff are well aware of the importance of value for money and efficiency issues. Senior staff acknowledge that a more comprehensive and systematic evaluation of VFM issues is desirable in line with the requirements of the financial memorandum.

Although the museum does not have a formal efficiency plan, it has clearly undertaken a review of the major variable budget heads in the last three years. In order to formalise this, it is recommended that a comprehensive efficiency plan should now be put in place.

It is suggested that the general approach to such a review be based on that set out in Better Quality Services (Cabinet Office, 1998a,b). BQS reviews examine all of an organisation's services over a five-year period. The review examines what service is needed in each area and then identifies the best supplier in efficiency terms. The options considered are abolition, privatisation, market testing, strategic contracting out and internal restructuring. The Cabinet Office suggests that "a good rule of thumb is that BQS reviews should cover a service that could conceivably be put out to competition.

We therefore recommend that a comprehensive efficiency plan should be put in place in line with the requirements of the financial memorandum and the approach set out in Better Quality Services (Cabinet Office, 1998a,b), and that this be a priority for the next five years.

4.6.2. Human resources development

In the Culture Committee discussion of the Interim Report on first stage of the review (28 March 2001) the issue of human resource policies was discussed and it was agreed that this would be considered in the second stage of the review. Concerns raised at that committee arose from an investigation surrounding a payment made to a member of staff who left the Museum. Following this issue, the Museum redrafted all of its disciplinary and grievance procedures using the ACAS guidelines as a framework for such documentation and appropriate training has been given to staff in its implementation.

Increased demands have been placed on the human resources function by delegation of terms and conditions, including pay and benefits in 1996 and the increased requirements on employers arising from domestic and European legislation and directives. The Museum has responded by drafting revised human resources policies and procedures. Partly these have been

based on civil service templates that have been adapted to the Museum's needs, and partly they have been written specifically to meet the Museum's requirements. These policies and procedures are conveniently drawn together in a Staff Handbook (NMGW, 2000h), which is in the process of revision.

The Museum took the opportunity of delegation of pay arrangements to implement its own performance development review procedures. These are a major component of performance management within the Museum, providing a basis for performance related pay and for identifying individual staff development and training needs.

In the last three years the Museum has adopted a more formalised approach to staff development and training including the adoption of new procedures, which include training planning, identification of training needs and the setting of training objectives. The Museum plans shortly to implement an evaluation of development and training activity.

A computerised personnel database (Compel) will be implemented this year and this is expected to increase the efficiency of the human resources department and the quality of management information that can be provided.

The final element of the review of the human resources function has been a review of pay and grading. We believe the Museum is correct to see this review as being of key strategic importance in harmonising and simplifying the grading structure and bringing terms and conditions into line with those of comparator museums. It also addresses a number of issues in relation to recruitment, retention and equal pay. The Museum has completed this review and will forward it to the Assembly for consideration.

4.7. Probity and Propriety

The Museum is aware of the need for appropriate procurement rules. They have tight requirements on tendering etc and have an actively applied fraud investigation policy which covers fraud and other impropriety. Annual reports identify losses and other special payments and these have not been material.

The Museum has a Fraud Investigation Response Plan, which states that "those with a need to know or who may be of support" will be consulted by the head of finance and audit, including, inter alia, internal auditors, and further states that "generally an investigation will be carried out with the support of the internal auditors. We understand that the internal audit plan provides a number of contingency resources for this purpose. We note that in practice it is not necessarily the case that the internal auditors are brought in to support minor investigations, and recommend that this be done at an early stage in all cases in future.

4.8. Diversifying income

The shift to free access does not diminish the appropriateness of searching for broader sources of income over and above the Assembly's monies and this is acknowledged by the Museum.

Income from sponsorship is an important source of funds and can be lumpy. Efforts to consolidate and further improve performance in sponsorship income will be important in maintaining the development of the Museum's activities.

Income from museum shops is acknowledged by senior staff to be disappointing, but considerable work on this has taken place over the last year with the commissioning of a consultant's report and the implementation of a wide range of measures aimed at improving the financial contribution of shops. The adoption of trading company status may assist further in this.

The museum has already outsourced the majority of its catering activity and where it is continued in-house it has seen its profit levels rise in the light of free entry. The shops have improved their profitability year-on-year and external consultants undertook a fundamental review of the Museum's commercial activity in 2000.

The recommendations from that review are substantially implemented and there is a clear action plan in place, which will see the final recommendations implemented later this year. The level of shop income has increased by 39% in the first three months of free entry when compared to the same period last year. Average spend per customer currently stands at £4.03 for the main Museum shops and comparisons would be £4.80 at the National Museums of Scotland and £3.00 at the National Museums & Galleries on Merseyside.

We recommend that further work on diversifying income should be a key priority for the next five years.

4.9. Managing finances effectively

The assistance of the Treasurer in particular with his strong background in finance is valuable in managing finances effectively. Other members of council are also able to contribute a broad financial management perspective.

Procurement policy is an efficiency driver on its own. The policy on procurement is that budgetary centre officers drive it, but orders are routed through a central procurement officer who seeks to balance the needs for speed, appropriateness and value for money. Petty cash limits had been raised and government purchasing cards introduced to give more flexibility in purchasing.

We believe that, subject to the caveats raised in Section 4.4 above and the recommendations therein, the Museum is managing its finances effectively.

5. REFERENCES

- Cabinet Office (1998) *Quangos: Opening the Doors*, June
- Cabinet Office (1998a) *Better Quality Services: A Handbook*, The Stationery Office,
- Cabinet Office (1998b) *Better Quality Services: Guidance for Senior Mangers*, The Stationery Office
- Cabinet Office (2000) *Quangos: Opening Up Public Appointments*, May
- Charity Commission (2000) *Payment of Charity Trustees*, September
- Charity Commission (2001) *The Independence of Charities from the State* RR7, February, <http://www.charity-commission.gov.uk/>
- CSWLD (2000) *National Museums & Galleries of Wales: Management Statement and Financial Memorandum*, Culture, Sport and Welsh Language Division, National Assembly for Wales, November
- DCMS (1999) *Efficiency and Effectiveness of Government Sponsored Museums and Galleries*, Department of Culture Media and Sport, Final Consolidated Report, 27 August
- DCMS (2001) *Personal communication*.
- Hillman-Chartrand, H. and McCaughey, C. (1989) "The Arm's Length Principle and the Arts: An International Perspective – Past, Present and Future", in M.C. Cummings (Jr) and Mark Davidson Schuster (eds.) *Who's to Pay for the Arts: The International Search for Models of Support*. American Council for the Arts, NYC.
- HMSO (1995) *Committee on Standards in Public Life, Chairman Lord Nolan, First Report*, Cm 2850.
- HMSO (1996) *Committee on Standards in Public Life, Chairman Lord Nolan, Second Report*, Cm 3270.
- HM Treasury (2001) *Holding to Account, The Review of Audit and Accountability for Central Government*, Report by Lord Sharman of Redlynch, February.
- House of Commons (1999) *The Department for Culture, Media and Sport and its Quangos*, Volume I, Sixth Report, Culture, Media and Sport Committee.
- JRF (2000) *Paying for Good Governance*, Report from a Joseph Rowntree Seminar held 20 June.
- Laffin, M. and Thomas, A. "New Ways of Working: Political-Official Relations in the National Assembly for Wales", *Public Money & Management*, April-June, pp. 45-51.

NAW (2000) Betterwales.com

NAW (2000a) *A Culture in Common*, Post-16 Education and Training Committee Report, 1 November.

NAW (2000p) *Putting Wales First: A Partnership for the People of Wales*, The First Partnership Agreement of the National Assembly for Wales, 6 October.

NAW (2001) *The National Assembly for Wales Performance Report 1999 – 2000*, Finance Division, February.

NAW (2001a) *Review of Remuneration and Expenses of Chairs and Members of Assembly Sponsored Public Bodies (ASPBs) and NHS Bodies* – Consultation Paper, Finance Division, National Assembly for Wales

Nolan (1995) *First Report*, Committee on Standards in Public Life, Cm 2850-I.

NMGW (2000a) *Annual Report of the Council 1999-2000*, The National Museums & Galleries of Wales

NMGW (2000c) *Corporate Plan 2001/2002 – 2003/2004*, The National Museums & Galleries of Wales, August

NMGW (2000f) *Financial Report, Addendum to the Annual Report of the Council 1999-2000*, The National Museums & Galleries of Wales

NMGW (2000f) *Staff Handbook*, Personnel Department, The National Museums & Galleries of Wales, March.

NMGW (2001) *Charter and Statutes*, National Museum of Wales, <http://www.nmgw.ac.uk/info/documents/charter/index.en>

NMGW (2001c) *Corporate Plan 2002/2003 – 2004/2005*, The National Museums & Galleries of Wales, forthcoming.

NMGW (2001p) Statement by the Museum, (also included in the Interim Report as Appendix 4) and at http://www.nmgw.ac.uk/info/documents/quinquennial/position_statement.en.pdf

OCPA (1998) *The Commissioner for Public Appointments' Guidance on Appointments to Public Bodies*, Office of the Commissioner for Public Appointments, July.

OCPA (2001) *The Code of Practice*, Office of the Commissioner for Public Appointments, February

OCPA (2001) *Leaflet on Nominating Bodies*, Office of the Commissioner for Public Appointments. (<http://www.ocpa.gov.uk/leaflets/nomleaf.htm>)

P-E Inbucon (1988) *Policy and Financial Management Review of the National Museum of Wales*, Welsh Office, January.

Shleifer, A. and Vishny, R. (1997) "A Survey of Corporate Governance", *Journal of Finance*, 52, pp.737-783.

Watt, P.A. (2001) *Quinquennial Review of the National Museums and Galleries of Wales: Interim Report*, School of Public Policy University of Birmingham, National Assembly for Wales.

Welsh Office (1994) *Financial Management and Policy Review of the National Museum of Wales*, August

Welsh Office (1997) *A Voice for Wales*, Cm 3718, July.

Which? (2000) *Guide to Tourist Attractions*, Consumers' Association

Appendix A Summary, principal conclusions and recommendations of the Interim Report

The first stage of the Quinquennial Review of the National Museums and Galleries of Wales (the Museum) was carried out by a team led by Peter Watt of the School of Public Policy at the University of Birmingham. This work led to an Interim Report in March 2001. The terms of reference for the first stage of the review were as follows.

In the light of the Charter objects of the National Museums and Galleries of Wales, the objectives of the National Assembly and models of good practice elsewhere in the UK, is there a continuing need for all the functions of the National Museum and Galleries of Wales and, if so, is the current organisational framework for delivering those functions the most appropriate?

- What is the legal framework governing the National Museums and Galleries of Wales?
- Are the functions of the National Museums and Galleries of Wales still necessary?
- Do they need to be carried out by an Assembly Sponsored Public Body – are other options for undertaking the functions likely to be more effective?
- Are they best carried out by a single body? Is there a need to rationalise functions between the National Museums and Galleries of Wales and other public bodies engaged in the provision of cultural services in Wales, such as the local authorities or other national public bodies?

In carrying out the first stage of the review, the review team consulted a wide range of persons and organisations by means of a written consultation exercise, scrutiny of documents and face-to-face interviews. The work benefited from a large number of extremely well considered points made by consultees. The team found much to impress it in its contact with the Museum.

The main conclusions and recommendations of the Interim Report were as follows. Page numbers for where the recommendations were made in the Interim Report are given in brackets.

1. That the functions of the Museum, as currently practised, are all necessary. (p.21)
2. That, in addition, providing a replacement for the functions of the Welsh Industrial and Maritime Museum is a necessary function. (p. 21)

3. That, the Museum should extend exercises to survey public opinion (such as its current exercise in public consultation in the future display of fine and applied art) to questions of the balance of functions of the Museum and to the degree of emphasis on Wales. (p. 19)
4. That the Museum's functions should be supported by public funding. (p. 25)
5. That the Museum's functions should be carried out by an Assembly Sponsored Public Body. (p. 30)
6. That the most appropriate body to carry out these functions continues to be the National Museums and Galleries of Wales. (p. 30)
7. That the Museum, in consultation with the Assembly, pursue the scope for improving the openness of the Museum's governance arrangements. We further recommend that consideration be given to the question of whether there is a need for the Museum's Court, and if so, whether there are changes that can be made to it that would add value to the Museum's governance. (p. 35)
8. That the Assembly's annual remit letter to the Museum be published. (p. 35)
9. That there is no case for the reorganisation of the structure of the Museum in relation to possible overlaps with the National Library of Wales. (p. 37)
10. That there is no case for the reorganisation of the structure of the Museum in relation to possible overlaps with Cadw. (p. 40)

Appendix B Terms of reference

NATIONAL ASSEMBLY FOR WALES

NATIONAL MUSEUMS AND GALLERIES OF WALES (NMGW)

QUINQUENNIAL REVIEW - TERMS OF REFERENCE (Revised April 2001)

Introduction

The Quinquennial Review of the National Museums and Galleries of Wales is being undertaken in the context of the Assembly's published Quinquennial Review Guidelines. The Guidelines set out the process for conducting the reviews. This includes self-assessment by the sponsored body, discussion with Members of the [Council] and senior managers, inviting views from major stakeholders including staff and their trade unions, partners and customers.

The Terms of Reference sets out the key questions which the Review has to address. The issues common to all reviews are identified in the Guidelines, but the Terms of Reference also take account of issues specific to the National Museums and Galleries of Wales .

There will be two parts to the Review : the Strategic Review and the Corporate Governance Review.

Strategic Review

The context for the Strategic Review is the Assembly's strategic plan, ***betterwales.com***, the objects of the National Museums and Galleries of Wales as set out in its Royal Charter, how these have been translated into the aims and objectives set out in the current Corporate Plan and the full Financial Management and Performance Review carried out by the Welsh Office in 1994/95.

Stage 1 Functions

In the light of the Charter objects of the National Museums and Galleries of Wales, the objectives of the National Assembly and models of good practice elsewhere in the UK, is there a continuing need for all the functions of the National Museum and Galleries of Wales and, if so, is the current organisational framework for delivering those functions the most appropriate?

- What is the legal framework governing the National Museums and Galleries of Wales?
- Are the functions of the National Museums and Galleries of Wales still necessary?

- Do they need to be carried out by an Assembly Sponsored Public Body – are other options for undertaking the functions likely to be more effective?
- Are they best carried out by a single body? Is there a need to rationalise functions between the National Museums and Galleries of Wales and other public bodies engaged in the provision of cultural services in Wales, such as the local authorities or other national public bodies?

Output: an Interim Report recommending what changes, if any, are required to current arrangements, what powers the Assembly has to make those changes and what the advantages and disadvantages would be.

Stage 2: Strategic effectiveness

Subject to the findings in the Interim Report: are there improvements which should be made to the way in which the National Museums and Galleries of Wales' functions are delivered, taking account of its Charter objects and how these have been translated into the aims and objectives of the Corporate Plan and the values and objectives of the National Assembly, and to the functioning of its relationship with the National Assembly.

This should take account of any independent studies, for example by the National Audit Office, and the other inputs set out in the Quinquennial Review guidelines.

- What have been the main strategic achievements of the National Museums and Galleries of Wales since 1995, to what extent has it met its objectives, what has been its performance against targets, how does its performance compare with that of comparable bodies, are there performance issues which need to be addressed?
- How effective has been the National Museums and Galleries of Wales' corporate planning in developing clear strategic direction, setting targets and allocating resources to objectives and priorities? Is it striking an effective balance of resources and commitment across its functions and objectives?
- How effective are the National Museums and Galleries of Wales' arrangements for responding to the National Assembly's strategic objectives, guiding themes and values (including equal opportunities, tackling social disadvantage and sustainable development) in terms of its planning and conduct of business? How might they be improved?
- Does the corporate planning process reflect an integrated approach to the functions delivered by the National Museums and Galleries of Wales?

- Is the Court still necessary? If so, are there changes which would improve the value it added to the governance of the National Museums and Galleries of Wales?
- Is there an effective mutual understanding of the roles of the members of Council and the senior management team in setting corporate objectives and monitoring their implementation. Are the processes for decision-making by members clear and efficient and the delineation between what is for Council and management clear?
- Is the National Museums and Galleries of Wales sufficiently responsive to its partners and customers, does it understand the nature of its relationships with them and does it have their confidence as a body with which they can do business, are there ways in which relationships might be strengthened?
- Are reporting arrangements adequate between the National Museums and Galleries of Wales and the National Assembly, does the NMGW need different freedoms and flexibilities, is there sufficient public accountability for the NMGW's work?

Corporate governance review

Is the National Museums and Galleries of Wales managing its finances effectively and in accordance with the requirements of regularity, propriety and value-for-money? What progress has the National Museums and Galleries of Wales made in improving operational efficiency? This should take account of the evidence from the existing control framework, as set out in Annex 2 of the Guidelines.

- Do the financial and managerial control arrangements between the National Museums and Galleries of Wales and National Assembly meet established requirements?
- Do internal and external audit reports provide confidence that the National Museums and Galleries of Wales is managing its finances in line with the Assembly's expectations of public bodies ?
- Is the National Museums and Galleries of Wales managing its finances and assets effectively, are value-for-money issues, including policy evaluations, being rigorously pursued?
- Does the National Museums and Galleries of Wales' conduct of business meet the standards of practice expected of public bodies in relation to procurement, openness and the handling of complaints?
- Are the National Museums and Galleries of Wales' running costs and staffing levels being controlled and scrutinised. Can useful comparisons be made with the operating costs of similar bodies?

- Does the National Museums and Galleries of Wales have good arrangements for monitoring the quality and efficiency of its service delivery /
- Does the National Museums and Galleries of Wales have a good track record in and robust plans for improving efficiency?

Appendix C Consultation document and letter



**THE UNIVERSITY OF
BIRMINGHAM**

School of Public Policy
University of Birmingham
Edgbaston
Birmingham
B15 2TT

0121 414 4983

20 December 2000

Dear Sir or Madam

Quinquennial Review of the National Museums & Galleries of Wales, 2000/2001

1. The School of Public Policy at the University of Birmingham has been commissioned by the National Assembly for Wales to carry out a Quinquennial Review of the National Museums & Galleries of Wales.
2. This review is part of a programme of reviews of Assembly Sponsored Public Bodies (ASPBs). The National Assembly is committed to review each Assembly Sponsored Public Body every five years. Guidelines for such reviews are published on the Assembly website:
http://www.wales.gov.uk/polinifo/finance/quinquen/review_e.htm
3. The review will consider the future of the National Museums & Galleries of Wales, how best its services and functions should be delivered and whether any improvements are needed to increase efficiency. A detailed description of the issues that the review will consider is set out in the enclosed Consultation Paper.
4. The review will be carried out in two stages, which can be summarised as follows.

Stage 1 – Functions

The first stage considers whether there is a continuing need for all of the functions of the National Museums & Galleries of Wales and if so, whether the current organisational framework is most appropriate for delivering those functions or whether some other arrangement would be preferable.

Stage 2 – Strategic Effectiveness and Corporate Governance Review

The second stage of the review considers whether there are improvements that should be made to the way in which the National Museums & Galleries of Wales' functions are delivered. It examines whether finances are being managed effectively and progress made in improving the efficiency of its operations

5. The Assembly is interested in receiving as broad a range of views as possible from all interested parties, including local authorities, heritage and cultural organisations and groups, and users of the National Museums & Galleries of Wales. The Consultation Paper is also being published on the National Assembly's web site (www.wales.gov.uk) and on the National Museums & Galleries' website (www.nmgw.ac.uk).

6. Responses to the issues raised in the attached Consultation Paper may have a significant influence on this review. We welcome views on these issues and your responses to them. In order to minimise the inevitable uncertainty associated with a review of this kind, the initial stage will be carried out thoroughly and quickly. We therefore are seeking comments by **Friday 16 February 2001**. Please send one copy of your response with "Consultation Paper on the National Museums & Galleries of Wales" as the title to:

Dr Peter Watt
School of Public Policy
University of Birmingham
Birmingham, B15 2TT
(email: P.A.Watt@bham.ac.uk)

7. It would be helpful if you could indicate in your reply which organisation you represent and which paragraphs of the consultation paper you are commenting on. Any queries on this consultation exercise may be directed to Peter Watt on 0121 414 4983, or by email at P.A.Watt@bham.ac.uk

8. You are invited to answer as many questions in the consultation paper as are relevant to your areas of interest. We look forward to receiving your comments.

Yours faithfully

Peter Watt

CONSULTATION PAPER
ON THE
QUINQUENNIAL REVIEW OF
THE NATIONAL MUSEUMS & GALLERIES OF WALES
December 2000

Introduction

1. The School of Public Policy at the University of Birmingham has been commissioned by the National Assembly for Wales to carry out a Quinquennial Review of the National Museums & Galleries of Wales.

2. This Review is part of a programme of reviews of Assembly Sponsored Public Bodies (ASPBs). The National Assembly is committed to review each Assembly Sponsored Public Body every five years ("Quinquennial Reviews"). The Review was announced by Finance Minister Edwina Hart and Minister for Culture, Sports and the Welsh Language, Jenny Randerson, on 6 November 2000. Guidelines for such reviews are published on the Assembly website:

http://www.wales.gov.uk/polinifo/finance/quinquen/review_e.htm

3. The Review will consider the future of the National Museums & Galleries of Wales, how best the services and functions should be delivered and whether any improvements are needed to increase efficiency.

4. In announcing this Quinquennial Review, on 6th November 2000, Jenny Randerson said that: "We are particularly keen to examine how we can increase and improve access to the unique collections of the National Museums & Galleries of Wales. We want a wide range of views and contributions from all interested parties, including local authorities, heritage and cultural organisations and groups, and users of the services provided by the National Museums & Galleries of Wales." Edwina Hart said that, "The Assembly's vision for a Better Wales recognises the importance of our heritage and culture. Its preservation, presentation and promotion are critically important to our commitment to a better quality of life and to better opportunities for learning. The National Museums & Galleries of Wales was last reviewed in 1995 and it is timely for the Assembly to undertake its own review to ensure that we have the arrangements we need to deliver these commitments".

5. Quinquennial Reviews examine whether there is a continuing need for all of the functions carried out by the body under review and, if so, what might be done to improve the body's accountability, strategic effectiveness and its conduct of business. The review process is open and transparent, and a feature is the opportunity for the body's partners, customers, staff and other stakeholders to submit their views. In each review, the review report will be in the public domain, and discussed by the relevant Assembly Committee before the Assembly Cabinet comes to a view on the conclusions and recommendations. Reviews are expected to be rigorous and carried out on an

independent basis, either by an Assembly official with no connection with the body or by an external reviewer.

6. The fact that a review is being undertaken implies no criticism of the body, nor is there any presumption about the conclusions to which the review will come. Assembly Ministers have made it clear that options for the future must be examined on their merits.

A two stage Review

7. The Review of the National Museums & Galleries of Wales is being carried out in two stages. Stage 1 will cover:

the basic question of whether functions of the kind currently carried out by the National Museums & Galleries of Wales remain necessary;

the question of whether the current organisational framework is the most appropriate structure for an organisation designed to carry out functions of this kind or whether some other arrangement would be preferable.

8. Stage 2 will review the strategic effectiveness of the National Museums & Galleries of Wales, and, if appropriate, consider whether there are improvements that should be made to the way in which the National Museums & Galleries of Wales' functions are delivered. The second stage also examines whether finances are being managed effectively, and whether progress is being made in improving the efficiency of the organisation's operations.

Stage one: Functions

9. We are currently undertaking the Stage 1 of the review. This stage of the Review begins by examining functions. What should be the functions of the National Museums & Galleries of Wales? One possible definition has been provided by the new Council for Museums, Libraries and Archives (Resource) which sees the functions of such bodies as being "to collect, safeguard and make accessible artefacts and specimens which they hold in trust for society". Currently the functions of the National Museums & Galleries of Wales include collecting, caring for and making accessible an extraordinary range of specimens and artefacts, covering the earth and life sciences, fine art, and the archaeology, and applied industrial and cultural history of Wales. The key issues on which we would welcome your comments include:

10. Whether you think there remains a need for the functions carried out by the National Museums & Galleries of Wales to be performed at all (see the Annex 1 for description of functions and associated actions);

11. Whether there are functions currently carried out by the National Museums & Galleries of Wales which might advantageously be carried out by other bodies;

12. Whether there are functions currently carried out by other organisations, or perhaps not carried out at all, that should be carried out by the National Museums & Galleries of Wales;

13. Whether there is duplication between the functions of the National Museums & Galleries of Wales and other organisations that should be rationalised;

14. *Whether the National Museums & Galleries of Wales should continue as a single national organisation, or should be restructured or divided, for example on a geographic or functional basis.*

Stage Two: Strategic effectiveness

15. Stage two of the review examines the strategic effectiveness of the National Museums & Galleries of Wales. The key issues on which we would welcome your comments include

16. *What you regard as being the main strategic achievements of the National Museums & Galleries of Wales since 1995 and how significant you regard these as being? (A list of achievements as set out in the National Museums & Galleries of Wales' recent corporate plan is set out in Annex 2.)*

17. *What disappointments or failures have there been since 1995?*

18. *How significant are the achievements of National Museums & Galleries of Wales since 1995;*

19. *How effective do you believe the National Museums & Galleries of Wales has been in developing clear strategic direction, setting targets and allocating resources to objectives and priorities?*

20. *Is the National Museums & Galleries of Wales sufficiently responsive to its partners and customers, does it understand the nature of its relationships with them and does it have their confidence as a body with which it can do business? Are there ways in which relationships might be strengthened?*

21. *Is there sufficient public accountability for the National Museums & Galleries of Wales's work?*

22. *Is the National Museums & Galleries of Wales managing its finances and assets effectively and are value-for-money issues being rigorously pursued?*

23. We are interested in receiving as wide a range of views as possible. Submissions are invited from Local Authorities, the private sector, organisations concerned with education, culture and heritage, museum staff, trades unions and any others who wish to express a view. Written submissions received will be treated as public documents unless respondents specifically request otherwise.

24. Responses to the issues raised in this consultation paper may have a significant influence on this Review. We welcome views on these issues and your responses to them. It would be helpful if you could indicate in your reply which organisation you represent and which paragraphs of the consultation paper you are commenting on. In order to minimise the inevitable uncertainty associated with a review of this kind, the initial stage will be carried out thoroughly and quickly. We therefore are seeking comments by Friday 16 February 2001. Please send one copy of your response with "Consultation Paper on the National Museums & Galleries of Wales" as the title to:

Dr Peter Watt

School of Public Policy

University of Birmingham
Birmingham
B15 2TT

Direct Line 0121 414 4983

Email: P.A.Watt@bham.ac.uk

CONSULTATION PAPER ANNEX 1

THE NATIONAL MUSEUMS & GALLERIES OF WALES

Legal Basis, Purposes and Functions

The National Museums & Galleries of Wales was established by Royal Charter in 1907, most recently amended this year, as the National Museum of Wales. The day-to-day affairs of the National Museum are overseen by a Council, comprising members appointed by the National Assembly, members elected by the Museum's Court of Governors and members appointed by the council itself.

The objects of the National Museums & Galleries of Wales, as set out in the Charter are the advancement of the education of the public:

“The objects of the Museum shall be the advancement of the education of the public:

- (1) primarily by the complete illustration of the geology, mineralogy, zoology, botany, ethnography, archaeology, art, history and special industries of Wales and
- (2) generally by:
 - (a) the collection, conservation, elucidation and presentation of objects and things of usefulness or interest in connection therewith;
 - (b) the collection, conservation, elucidation and presentation of objects and things (including pictures, engravings, statuary and all works of fine art of any kind) whether connected or not with Wales which is calculated to further the advancement of education and the promotion of literary and scientific research; and
 - (c) the preparation and publication of reproductions, films, tapes and other illustrations (of whatsoever nature) of all such objects and things as aforesaid.” (NMGW, 2001)
 -

The National Museums & Galleries of Wales operates museums in seven locations

Name of museum	Site	Abbreviation
National Museum & Gallery	Cathays Park, Cardiff	NMG
Museum of Welsh Life	St Fagans , Cardiff	MWL
Roman Legionary Museum	Caerleon, Newport	RLM
Welsh Slate Museum	Llanberis, Gwynedd	WSM
Museum of the Welsh Woollen Industry	Dre-fach Felindre, Carmarthen	MWWI
Segontium Roman Museum	Caernarfon, Gwynedd	SRM
Turner House Gallery	Penarth, Vale of Glamorgan	THG

The Big Pit Mining Museum in Blaenafon will become one of the National Museums & Galleries of Wales's sites in Spring 2001.

The total resources expended by the National Museums & Galleries of Wales in 1999/2000 were £17.239m and around 580 staff are listed in the Annual Report 1999-2000. Total incoming resources were £17.112m of which 80% were received from the National Assembly for Wales and 5% from other grants including those received from other government bodies. Further details are contained in the Annual Report and Financial Report available at <http://www.nmgw.ac.uk/>

CONSULTATION PAPER ANNEX 2:

Achievements of the National Museums & Galleries of Wales

The National Museums & Galleries of Wales identifies four key Assembly objectives from the assembly's strategic plan betterwales.com to which it can contribute: better opportunities for learning, a better, stronger economy, better quality of life and better simpler government. It has listed some of its recent achievements under these headings in its current Corporate Plan (2001/2 – 2003/4). These are:

Better opportunities for learning

The creation of an award-winning website, coupled with placing 100,000 collection records on line.

The refurbishment of the Studio at the Roman Legionary Museum to provide additional space for 'living history' activities, to accommodate the growing number of schoolchildren who visit the site.

The creation of the strategic post of Head of Education and four additional full-time Education Officer posts in north, west and south Wales.

The introduction of free admission for school parties in April 1999, extended in April and May 2000 to embrace all young people under 19, those aged 60 and over, and the unemployed. (In 1999/2000 educational admissions rose by 8% and over April and May 2000 all admissions rose by 16%.

The launching of an Industrial Strategy Public Consultation Document in 1998, followed by the Council's decision to negotiate with the City and County of Swansea for the creation of a new Waterfront Museum to tell the story of Wales's past successes and point the way to the future.

A better, stronger economy

The winning of the largest heritage Lottery Fund so far given to Wales (£4.96m) for the Development of Big Pit at Blaenafon. Wales Tourist Board has offered a further £400,000 for this development.

The gaining of the endorsement of Heritage Lottery Fund for the redevelopment concept for the Museum of the Welsh Woollen Industry by their approval of Stage 1 bid.

The celebration of the 25th anniversary of the Welsh Slate Museum in May 1997, followed in 1998 by the formal opening of the first phase of a £2.1m HLF-funded redevelopment, and the official opening of the translocated Quarrymen's Houses. Between 1997 and 1999 visitor numbers increased by 25%.

Catalysing a public/private partnership-marketing project in Llanberis which attracted £250,000 of European funds into the area.

Providing the only UK venue for the international exhibition of David Hockney's photoworks.

Better quality of life

During the past three years, NMGW has been involved in major joint research projects, partly funded by the EU, DFEE and the science research boards, such as the EU-funded INTERREG survey of the bottom fauna of the Irish Sea – a collaborative project with Irish partners.

The staging of the Ecofun Festival at the Museum of Welsh Life in 2000, in collaboration with the Environment Agency Wales, the RSPB, the Forestry Commission and the Countryside Council for Wales. The event that aimed to inform people about sustainable living attracted 6,000 visitors and the schools day, which attracted 2,400 primary school aged pupils, was heavily oversubscribed.

The creation of a comprehensive Welsh Language Plan, giving equal provision to Welsh and English, commended by the Welsh language Board. NMGW is the only national museum in the UK to operate bilingually.

Carrying out a fundamental review of research activities, leading to the creation of a Research Board to oversee and co-ordinate research work and raising the profile of collections-based activities, including research, through the publication of a bilingual yearbook 'Amgueddfa'.

The creation at the National Museum & Gallery of two new galleries, 'Art in Wales' and the interactive 'Glanelly Gallery' – the latter to show NMGW's behind-the-scenes activities.

The continued acquisition of notable items for the collection, including paintings by Hogarth, Reynolds and Zoffany; the Rogiet hoard of Roman coins; the largest collection of Welsh insects in existence; and the sixteenth century Rhys ap Thomas Bed.

The celebration of the 50th anniversary of the Museum of Welsh Life throughout 1998, one major event being the re-enactment of the Battle of St Fagans. The £500,000 first phase of the St Fagans Castle and Gardens Restoration project was completed.

Better, simpler government

The reorganisation of the NMGW's senior staff and the development of an advisory committee structure that widens its advice base and help raise its profile.

Appendix D Actions taken by the Museum in response to the previous quinquennial review

Recommendation number and brief description	Action Taken
1) Franchising and Market Testing	
2) Accounting Officer responsibility	Paragraph 2.5.4 of the new Financial Memorandum states “the personal responsibility of the museum’s Director as Accounting Officer to ensure regularity, propriety and value for money in no way detracts from that of the President and the Council, who each have a duty to act in a way that promotes high standards of public finance. They must not give the Director instructions that conflict with his/her duties as the Museum’s Accounting Officer. If any possibility of conflict arises, guidance should be sought in writing from the sponsor division.”
3) Governance	The reduction of business for Council meetings has started with the Finance Committee having a wider remit to include General Purposes (F&GP). In light of Devolution there has been a need to revise the Committee structure and it is too early in that revised format to further consider delegation. Whilst more delegation has been given by Council to the Director and the Officials, it is believed that the Assembly remain less inclined to delegate.
4) Senior Management Organisation	Senior Management has been subject to a comprehensive reorganisation.
5) Staff Inspection	Staff Inspection is an old civil service function that stopped with pay delegation.
6) Improvements in Corporate Planning	Done
7) Delivery of Corporate Plan to Secretary of State for Wales	Done

Recommendation number and brief description	Action Taken
8) Use of own income	This area is still unresolved because of the lack of flexibility within the Financial Memorandum (allowing for flexible use of receipts) which is at odds with the greater freedom of both DCMS and the Private Sector to manage resources more effectively. It is understood that this is subject to further discussion.
9) Control of gross spend	Effectively the Grant Remit Letter is now on a gross basis. Comprehensive figures are discussed with the Assembly through a much more vigorous corporate planning process, and are included in the remit letter.
10) Review of carry-over arrangements	It has already been raised with the Assembly that we wish to review carry over arrangements. The 2% was previously imposed at a level that the Museum felt at the time was too low. At the recent Financial Memorandum update the Museum was still unable to increase these levels any further as all changes were guillotined by the Assembly. The Museum has already flagged that in view of the changes to Resource Accounting and our understanding that the Treasury was increasing this to 5% from 2%, that this level was no longer appropriate.
11) Purchase grant	Use of Purchase Grant was defined in a policy statement by the Deputy Director, Dr Wiliam, several years ago and he agreed the document with the Assembly. We have recently agreed with officials that another review may be timely.
12) Unified grant regime	The Museum considered unification of its Revenue, Capital, SPG grants, something which had been undertaken by some other Museums. There were differences of opinion between other Museums as to how effective this had been with some Museums feeling it had a negative effect. NMGW discussions with the then Welsh Office indicated that even if the Museum were to unify the grants we would still be required to separate them for all reporting and budgeting. In addition any elements of transfer within the running cost line would still require Assembly approval. Effectively therefore, there was no benefit of a unified grant and with the overall lack of flexibility this made it pointless in pursuing further.

Recommendation number and brief description	Action Taken
13) Increasing delegations to senior management	Delegations were reconsidered but only minor revision made, as most had been in existence for ten years. These will hopefully be reviewed following the redrafting of the FM & MS.
14) Computerised information systems	Substantial redevelopment undertaken including a wide area network and local area network to all our sites and developments including CFACS, our Website, SCAN and CMS.
15) Professional training	Our membership of Training Services Wales and formal procedures has put in place a training structure within NMGW.
16) Monitor spend on training	Spend is budgeted and monitored.
17) Performance related pay	Performance Related Pay is an element that has been introduced since pay delegation.
18) Reporting arrangements for personal secretaries	The countersigning workload at senior level has been rationalised.
19) Market testing	Market tests have been undertaken on Warding, Retail and Cleaning and the other services as advised separately.
20) Review format of annual report	Considerable improvements to the annual report and accounts, including financial performance, graphs and other statistics. It is fair to describe the report as much more business like document. Amgueddfa, as the Museum's Year Book, is now produced as a third volume accompanying the annual report and accounts.
21) Revised delegations	See Response to Recommendation 13.

Recommendation number and brief description	Action Taken
<p>22) Contingency liabilities to be covered in Financial Memorandum: Move towards a more disengaged sponsorship regime</p> <p>a) Clearer understanding of Museum & Department's responsibilities;</p> <p>b) Satisfactory implementation of the proposed divisional organisation structure;</p> <p>c) Completion of full inspection or similar review</p> <p>d) Improved management information systems</p> <p>e) Improvements to corporate planning process so that it can be used by the Council and the Welsh office as the main mechanism for monitoring and controlling the distribution and use of resources in relation to the Museums departmental strategy plans and corporate objectives.</p>	<p>This will be considered as part of the FM & MS.</p> <p>Clearance of NAW questions is now spread across Museum and the departments responsible. A clear strategy is now in place for improving relations.</p> <p>Divisional structure implemented</p> <p>See response to Recommendation 22</p> <p>See response to Recommendation 14</p> <p>Done</p>
<p>23 Management Statement</p>	<p>A new Management Statement has been issued since the FMPR and we are still in discussions with the Assembly Officials on the current Management Statement.</p>
<p>24) Welsh Office to adopt a more disengaged approach to sponsorship</p>	<p>This was being achieved albeit slowly, however, devolution has meant that the National Assembly has taken a keen interest in influencing the role of its sponsored bodies.</p>

Appendix E Details of Consultation

Written responses to consultation document

Name	Writing as	From
Ozi Rhys Osmond	Practising artist and lecturer	Carmarthen
Jane Pierson Jones	Director/Secretary	Council of Museums in Wales
Peter White	Secretary	RCAHMW
Jane Gallagher	Historic Buildings Representative, Wales	National Trust
Amelia John	Policy Officer	Disability Rights Commission
Dr A. E. Jukes	Secretary	Oxford House Industrial History Society
Howard J Evans	Administrative Trustee	Derek Williams Trust
Simon Stuart	Director General	IUCN, (World Conservation Union) Switzerland
Donald Moore	for	Cambrian Archaeological Association
Chris Delaney	on behalf of	Welsh Federation of Museums and Galleries
Dr Peter Eames	Chairman of Ruperra Conservation Trust, Vice Chair Welsh Historic Gardens Trust	Dinas Powys
Frances Lynch	Chairman, CBA Wales	Council for British Archaeology, Wales
Valerie Richardson	Secretariat	Darwin Initiative, DETR
Mathew Prichard	President	NMGW
Roger Thomas	Vice President	NMGW

Name	Writing as	From
Wyn Howells	Treasurer	NMGW
Dr Peter Warren	Museum Council	Surrey
Dr Susan J Davies	Dept of History and Welsh History	University of Wales, Aberystwyth
Ms Linda Quinn	Member of Court	Cardiff
Richard Avent	Chief Inspector of Ancient Monuments	Cadw
Dr Clive Grace	Chief Executive	Torfaen
Rob Merrill	Museums Manager	Neath Port Talbot CBC
Chris Fray	Head of Economic Development and Leisure Department	Vale of Glamorgan
		Pembrokeshire CC
Alan Watkin	Chief Leisure, Libraries & Culture Officer	Wrexham CB
Allun G Davies	Director of Education and Community Services	Carmarthenshire CC
G H Williams	Assistant Director	Gwynedd Council
Sir Richard Foster	Director	National Museums and Galleries on Merseyside
Brian Davies	Curator	Pontypridd Museum
Prof. Barry Rickards	Curator	Sedgwick Museum, Cambridge
Malcolm Porter	Patron	Cowbridge
C. J. Grindley	Patron	Cardiff born, Lives in London
Richard Weston	Patron	Cardiff
Dr Margaret Elmes	Patron	Dinas Powys

Name	Writing as	From
L Hefin Looker	Patron, Member of Museum's Court and Arts Advisory Panel	
John Sorotos	Donor and enthusiastic visitor	Cowbridge
Donald Moore	Retired	Aberystwyth
Stephen Rowson	last vice chairman, Welsh Industrial and Maritime Museum	Cardiff
Sue Dye	Negotiations Officer	Public and Commercial Services Union
David Watkinson	School of History and Archaeology	University of Wales, Cardiff
Prof D Llwyd Morgan	VC and Principal	University of Wales, Aberystwyth
Prof Sir Brian Smith	Vice Chancellor	University of Cardiff
	response from within School of History and Archaeology	University of Cardiff
	response from Archaeology section, School of History and Archaeology	University of Cardiff
	Information Services Division	University of Cardiff
Nancy Edwards	Dept of History and Welsh History	University of Wales, Bangor
Prof R.A. Griffiths	Vice Chancellor	University of Wales, Swansea

Analysis of Written Responses to Consultation

Type of Respondent	No
Learned Associations, Societies	13
Universities	10
Court/Council	8
Local Authorities	7
Patrons	6
Other Museums	3
Artists	1
Government Departments	1
Public	1
Trade Unions	1

Members of the steering group and other persons consulted

Steering Group

Stephen Phillips (Chair)	NAW
Michael Trickey	
Richard Clarke	
David McNeil	
Barbara Wilson	
Richard Davies	
Russell Thomas	
Anna Southall	NMGW

National Assembly

Jenny Randerson AM	Minister for Culture, Sports and Welsh Language
Edwina Hart, AM	Minister for Finance, Communities and Local Government
Cynog Dafis AM	Chair of the Education and Lifelong Learning Committee.
Russell Thomas	Head of Culture, Sport and Welsh Language Division
Reg Kilpatrick	Head of Museums and Lottery Branch
Steve Lloyd	Museums and Lottery Branch
Richard Davies	Director of Education Department, NAW

Museum

Mathew Prichard	President, Member of Court and Council
R.G. Thomas	Vice President, Member of Court and Council
G. Wyn Howells	Treasurer, Member of Court and Council
Chris Delaney	Member of Court
Professor John King	Member of Court
Linda Quinn	Member of Court
Michael Clarke	Former Member of Court and Council
Eirlys Pritchard Jones	Member of Court and Council
Colin Jones	Member of Court and Council
Peter Davis	Chair of Audit Committee
Dr Peter Warren	Member of Council
Anna Southall	Director
Dr Eurwyn Wiliam	Director
	Collections and Education

John Williams Davies	Director	MWL
Michael Tooby	Director	NMG
Mark Richards	Director	Resource Planning
Robin Gwyn	Director	Public Affairs
Penny Fell	Acting Director	Public Affairs
Dr Richard Brewer	Keeper	Archaeology & Numismatics
Dr Dafydd Roberts	Keeper	Welsh Slate Museum
Dr Graham Oliver	Keeper	Biodiversity and Systematic Biology
Bethan Lewis	Museum Manager	RLM
Peter Walker	Museum Manager	Big Pit
Phil Gibbins	Head of Human Resources	
Stephen Haynes	Grading and Remuneration Officer	
Gayle Evans	Head of Documentation	
Nick Srdic	Head of Finance and Audit	
Richard Tynan	Development Manager	
Dr Richard Bevins	Project Manager	Waterfront Project
Christine Hitchins	Visitor Services Manager	NMG
John Owen Huws	Visitor Services Manager	MWL
Mike Lambert	Geology	
Dr Carolyn Heeps	Education and Interpretation	
Dr Judith Scott	Planning Coordinator	Resource Planning
Geraint Davies	Internal Auditor	Grant Thornton
Paul Marsh	Internal Auditor	Grant Thornton
Mike Usher	External Auditor	National Audit Office
Jane Pierson Jones	Director/Secretary	Council of Museums in Wales
Andrew Green		National Library of Wales
Huw Owen		National Library of Wales
Mike Francis		National Library of Wales
Sue Dye	Negotiations Officer	Public and Commercial Services Union
Peter Tyndall	Welsh Local Government Association	

We have also held discussions with the Museum Council at two of their meetings, and attended two Museum Art Collections policy meetings in Llandudno and Cardiff

Appendix F BRIEF CVs OF CORE REVIEW TEAM

Dr Peter Watt B.A. (Leeds), D. Phil. (York)

Senior Lecturer in Local Government Economics, Institute of Local Government Studies, University of Birmingham

Peter Watt joined the Institute in 1978, having previously worked in research and teaching at the Universities of Hull, Sheffield and York. His research and consultancy work has centred on the economics of local government service provision and organisation. He provides an undergraduate module on the economics of local government and the postgraduate MBA module on local government finance. He has led major consultancy projects including an analysis of the Macroeconomic Implications of Local Government spending for the Local Government Association, a study of the efficiency of central professional services at Derbyshire County Council and a study for the London Borough of Tower Hamlets which examined the financial and organisational issues that arose from the Borough's then unique form of decentralisation. Most recently he was project manager for the Financial Management and Policy Review of the Audit Commission for the DETR.

Amongst the journals which have published his work are Applied Economics, Public Money and Management, The Journal of Industrial Economics, The Bulletin of Economic Research, Finanzarchiv, The Manchester School, Local Government Studies, and Government and Policy. He is Editor of Local Governance.

Simon Delay, MA, Economics (Cambridge); CPFA

Lecturer, School of Public Policy, University of Birmingham

Simon Delay is a specialist in public sector financial management with a particular interest in issues of control and accountability. A member of CIPFA, he is an experienced practitioner in local government finance with eight years experience with a major UK local government (Hertfordshire County Council) and extensive experience overseas as an adviser on local finance to a number of international institutions including the World Bank, the Asian Development Bank and the UK Department for International Development. He was co-author of the ILGS study of Challenges to Local Authority Accounts. He was a key team member for the Financial Management and Policy Review of the Audit Commission carried out for the DETR.

Marion Blockley, MA, MIFA

Senior Lecturer in Heritage; Management Programme Director, Ironbridge Institute, University of Birmingham.

Marion Blockley joined the University of Birmingham as Lecturer in Heritage Management in 1992 and became Director of the Ironbridge Institute in 1995. She worked in museums and heritage organisations within local government and independent trusts for 15 years before joining the University. She has an MA in Museum Management from the University of Leicester by part-time study whilst in-service with Buckinghamshire County Museum Service.

The Institute is a unique collaboration between the Ironbridge Gorge Museum Trust and the University, providing postgraduate professional training, consultancy and research in museum and heritage management. Marion has developed and co-ordinated the MA in Heritage Management for the last 8 years and it is uniquely validated for its professional training by the Cultural Heritage National Training Organisation (CHNTO), The Museums Association and the Institute of Field Archaeologists. More than 500 students have graduated from the programme, the first of its kind in the UK.

She is currently preparing the Management Plan for the Ironbridge Gorge World Heritage Site for DCMS and has just completed the Management Plan for Bagan World Heritage Site (Myanmar/Burma) for UNESCO. She has also advised the Myanmar Department of Culture on staff training and development of the National Museum in Yangon and the new museum for Bagan. She has provided consultancy and museum/heritage/management training in Peru at the centre for Andean studies and for ICOM at the Centro Banco de Reserva in Lima. She has provided training on interpretation and the development of open-air museums in the USA, Leipzig (for UNESCO) and Cape Town. She is a visiting lecturer in museum and heritage management at Fondacion, José Ortega y Gasset, Madrid and external examiner for the MA in Museum and Gallery Management at the University of Greenwich and the MA in Heritage Interpretation and Education, University of Newcastle.

Currently a member of the ICOMOS UK Cultural Tourism Committee and its World Heritage Committee, she edited the periodical Interpretation for the Association for Heritage Interpretation. She worked in Wales for 4 years as Education Officer with the Clwyd-Powys Archaeological Trust and retains a number of professional links with colleagues in the principality. A number of her recent graduates hold senior posts in Cadw and museum/heritage services throughout Wales.

Richard Penn

Now based back home in south Wales, Richard Penn has spent his career in the public sector, including nearly 20 years as chief executive of two major local authorities. He is an independent consultant but is also involved in a number of public sector bodies.

Employment History

1989 – 1998 Chief Executive, City of Bradford Metropolitan Council

- 1990 – 1998 Deputy Chair, Bradford Training and Enterprise Council
- 1980 – 1989 Chief Executive, Knowsley Metropolitan Borough Council
- 1978 – 1980 Deputy Chief Executive, West Midlands Metropolitan County Council
- 1976 – 1978 Assistant Chief Executive, Cleveland County Council

Current Activity

- Board Member, Legal Services Commission
- Chair, Regional Legal Services Committee for Wales
- Chair, Regional Legal Services Committee for South Western England
- Commissioner, Equal Opportunities Commission
- Member, Equal Opportunities Committee for Wales
- Chair, South Wales Probation Board
- Independent Adviser on Standards to the Welsh Assembly
- Consultant, Association of Local Authority Chief Executives
- Consultant, Improvement and Development Agency
- Consultant, Employers Organisation for Local Government
- Member, Public Management and Policy Association Executive Committee

