

NATURAL HISTORY MUSEUM
FUNDING AGREEMENT FULL YEAR OUTTURN REPORT 2006/07
QUANTITATIVE ACHIEVEMENTS

Core Performance Indicators	Target	Actual	% variance between target and actual
Total number of actual visits to Museum site/s (excluding virtual visits)	3,210,000	3,892,878	21.3
Number of children aged 15 and under attending the Museum site/s	931,000	1,325,946	42.4
Number of children aged 15 and under in on- and off-site organised educational sessions	320,000	354,437	10.8
Number of UK adults aged 16 and over from lower socio-economic groups attending the Museum sites (NS-SEC groups 5-8)	123,000	299,622	143.6
Number of web-site visits	3,450,000	5,139,426	49
Net income from trading	5.27m	6.58m	24.9
Efficiency Savings (cumulative, cash and non-cash)	3.38m	11.281m ¹	233.8

Narrative on core targets:
Total visits

Total visitors to South Kensington and Tring amounted to 3.893m, which is an increase of 600k over 05/06. This is the highest level of visitors since the reintroduction of free admission in 2001.

We have had significantly more overseas visitors coming to the Museum throughout 06/07 than 05/06. The number of overseas visitors is 37% higher than the previous year and proportionally our overseas visitors now make up 37% of our audience as opposed to 32% in 05/06.

There has been an increase in family visitors, indicating a recovery from the loss of family visitors due to the London bombings. Overall our number of family visitors proportionally has increased from 47%

¹ The total cash efficiency gains for 2006-7 amounted to £3.074m and non-cash efficiency gains amounted to £8.207m of which £7.957m reflected the increase in visitors above the agreed baseline.

of our audience last financial year to 49% of our audience this year. However in terms of actual numbers family visits have increased by 24% whereas our adult visits have only increased by 14%. When you look at our domestic family visitors, however the increase is 28% and proportionally 62% of UK visitors came with a child whereas last year it was only 53%. Overseas visitors were less likely to have a child in their party this year (26% as opposed to 30%). In summary, therefore the increase in family visits have come from the UK, the increase in adult visits has come from overseas.

It is also interesting to note the percentage increase in first time visitors to Museum - 44% this year as opposed to 39% last year. A lot of this is due to the increase in overseas visitors who are more likely to be first-timers (76% of overseas as opposed to only 28% of UK visitors). However, looking at geographical origins in the UK:

- Of visitors from London postal districts 24% are first time visitors
- Of visitors from Outer London 21% are first time visitors
- Of visitors from Other South East 24% are first time visitors
- Of visitors from Rest of Britain 42% are first time visitors

Due to a decline in the number of repeat visits (in 05/06 our visitors came to the Museum on average 1.55 times; in 06/07 our visitors came to the Museum on average 1.43 times) our number of visitors has risen from 2.1 million to 2.7 million. This means that the number of individual visitors to the Museum has increased by 28%.

Child visits

We are delighted that we have improved on last year's numbers of children visiting the Museum by 26.3%. In 2005/06 we welcomed 1,049,748 children.

Children in onsite and outreach educational programmes

The number of under 16s taking part in organised educational programmes in 06/07 was 354,437. This is an increase of 7,730 or 2% on the same period last year.

These contacts can be broken down into two main areas, formal learning programme contacts (including booked school visits) and informal learning programme contacts.

1) Formal learning

The total number of booked school visits made to the Museum by those 16 and under was 19779. This is a small (1%) increase on the previous year's total of 118307.

The numbers of booked school visits vary according to month with March, November and June being the most popular months. During busy months the service operates to capacity as the cloakroom and lunch area has a limited space.

The booked school visits are made up of a wide variety of ages, from under 5s to those in further education (although for the purposes of the DCMS KPI we do not count those 16 and over in our totals.) Booked school visits have continued to rise year on year over the past four years and the 14-16 year olds and 16-18 year olds age groups have made the biggest increase, even though they still

make up only a small percentage of the total. This is due to take up of our new secondary science programme introduced in 2005.

The total number of contacts with formal learners within organised activities was 100,726, of which approximately 50% came from primary schools and 50% from secondary schools.

In total there are over 20 different programmes that formal learners can participate in.

2) Informal learning

The total number of contacts with informal learners in 06/07 was 131,491. This is 10,000 higher than the figure for 05/06. In total there are over 10 different types of activity for informal learners, including the Nature Live programme which is a daily interactive presentation by Museum scientists.

Peak times for informal learning is during school holidays, in particular August, February and April. We rely heavily on the services of our Learning volunteers to deliver the experiences for visitors, by manning handling trolleys or by roaming the galleries with specimens to show visitors.

Adults from lower socio-economic groups

We do not have genuinely comparable figures for 2005/06, so cannot comment on any improvements on last year, although 2007/08 target was exceeded by 143%. Given that students are not classified within this NS-SEC system of grading, for 07/08, 7% of our visitors were unclassifiable which had an obvious impact on numbers.

Website visits

Overall trends show that there has been a general increase in the total usage of our website. Visitors to the site are also spending time visiting related links and new areas of the site - one quarter of the sampled website visitors to the *Dino Jaws* exhibition area visited other areas of the site as well.

Significant increases have occurred in visits to:

- Research and Curation – 82.5% up on prior year, due to increased information and accessible databases;
- Visit Us – 63.4% up on last year as more people are preplanning visits online
- Nature Online - 43.9 % up on last year. These pages cover a range of topics – biodiversity, environmental change, online exhibitions and is the gateway to the Nature Live programme;
- *Dino Jaws* – our special exhibition web pages attracted 544,702 visits and 305,246 unique visitors. 17,299 people registered for our Dino Club using their barcoded tickets, 15,304 were from our target audience < 16 yrs. This shows an excellent conversion of visitors to web users after they have visited, thus deepening their contact with the Museum.;
- News Online – 39.5 % up on last year. We reached almost 2 million visits, due to development of more and better quality news stories and news videos. The News site is now developing a recognised calibre of stories and videos and is becoming a beacon for Museum topicality, with Reuters and French television recently picking up and using the Museum's web broadcast on Kryptonite.

- Buy Online – 63% up on last year, reaching 298,833.

Net income from trading

The Museum established a trading company, The Natural History Museum Trading Company Limited, on 1 April 1994. It comprises the activities of retailing, conferencing and banqueting, catering, brand management, the picture library, touring exhibitions, the Wildlife Photographer of the Year Competition, consultancy, and for part of 2006-07 the operations of the boiler house and telephone switchboard.

Net income from trading amounted to £6.58m in 06/07.

Highlights include:

- Income from admissions to charging exhibitions rose by 78%, in line with increased visitors and conversion
- Events income was 19% ahead of 05/06. The contribution to the Museum, at £1.75m was 15% above 05/06.
- The Contribution to the Museum from Retail operations was over £1m; 29% up on 05/06.
- Catering sales were up 35% on 05/06 to £2.8m, resulting in a contribution to the Museum of £530,000. Within that, Garden sales more than doubled with the introduction of a BBQ (sales £73k) and an extended trading period.
- Licensing income doubled to £138k. Four new licenses were signed over the year, including with M&S for a Dinosaur range of boyswear.

Efficiency savings

Total of £11.281m of which £3.074m cash and £8.207m non cash

Cash efficiency savings and gains have been generated from a variety of expenditure savings and income generating opportunities, in particular through increased visitor generated income (exhibition admissions, retail catering) and conferencing and events, and streamlined procurement and restructuring of staffing. .

Non-cash efficiency gains amounted to £8.207m of which £7.957m reflected the increase in visitors above the agreed baseline of 3.143m. The remainder was made up of efficiencies gained through the creation of a volunteer programme, the upgrade to our Spam filter and the ongoing work to database our collections.

QUALITATIVE ACHIEVEMENTS

Progress on PSA3 projects:

Building New Audiences at the Natural History Museum

Our New Audiences team focuses on creating sustainable relationships with black and ethnic peoples from C2DE social economic groups. Consultation and partnership building is at the heart of our work in this area.

- Building on 05/06 we have continued to facilitate many first time community group visits through planning and on site support. Following on from the Community trails project with refugee children, this year we have celebrated the culmination of a highly successful local and international arts project which supported fair-trade programmes in India and an exhibition in New Zealand.
- The Dino themed summer play scheme programme supported diverse groups of children from play schemes often in deprived areas. It also brought together 2 young carers groups from surrounding boroughs. Through these projects and programmes our community relationships have grown.
- In order to mainstream diversity throughout the organisation the New Audiences team have been supported gallery redevelopment and capital projects and have undertaken joint activity with both formal and family learning teams.
- We have also expanded our public cultural programme from 3 to 6 months. Our Diverse City Season started with Black History Month events attracting an audience of which 27% was (visible) black and minority ethnic. In 05/06 and 06/07 we have attracted over 2000 visitors to these activities.
- We held outreach sessions involving a scientist and community groups exchanging knowledge on every day uses and properties of spices. These events successfully bring current and new visitors together to celebrate culture and the natural world.
- We are also proud to partner with Time Together, a refugee support charity and hosted their spring family event.

Progress on workforce diversity

The Museum's HR department is responsible for delivering an overall Workforce Diversity Action Plan for the Museum. In 2006/07 the Directors Group adopted the diversity policy and HR completed agreed action plans, the method of review including metrics and conducted the first review of those plans.

The Museum's diversity policy builds upon our long embedded equal opportunities policy and the revision of our advice to managers on recruitment. Compulsory training for recruitment and selection was delivered to all managers. The Big Welcome (the Museum induction programme for new joiners) and all other training have diversity principles embedded and further compulsory diversity training is planned for 2007. Diversity enabling forums are in place for anyone interested to join. These forums cover sexual orientation, culture, gender and disability and are convened by the HR Director.

The Museum engaged with its disability equality duty by forming a cross-Museum action team. Twenty-eight sections or departmental groups across the Museum were briefed on the duty and feedback on the policies and practices where changes would have the most benefit to disabled people were identified. Our Disability Equality Scheme report was published on time on our website.

It sets out our implementation plan to improve disabled access. Within the first few weeks of 2007, newly-appointed representatives met to commit us to gaining the Employers' Forum on Disability Standard. All managers are trained to undertake impact assessments so that we can continuously improve access for disabled people.

Following the successful completion of the first phase of our pay review of the lower pay bands, we committed to review Bands 5-2. Doing so will focus our attention on gender equality.

Ethnic Split

Although the total number of staff has decreased slightly from 880 to 853 the proportion of ethnic staff for the period 1 April 2006 – 31 March 2007 has increased to 18.29% from 14.43% in 05/06. More information is available in our HR Annual Report.

Regional links

The Natural History Museum believes that true collaboration and exchange are essential to our purpose of utilising our expertise and collections as a shared resource, and to benefiting in turn from the knowledge and skills of others. We are committed to relationships with strategic regional partners which lead to a real expression of public value, achieving outcomes beyond those possible for institutions acting in isolation.

One of our most successful partnerships is the Real World Science Project: Through the Strategic Commissioning Education Programme, we have worked in partnership with the Oxford Museum of Natural History, Tyne and Wear Museums and Manchester Museum to develop a powerful and compelling learning offer for secondary science. Our vision is that by 2015 every secondary science student in England will be able to participate in a structured learning experience provided by a natural history museum. The partnership will continue formally until at least April 2008, before which time we hope to have secured continued funding.

In 2006, the Museum participated in the 2nd Lyme Regis Fossil Festival, *Deep Time in Lyme*. For 3 days a year it offers a range of events and activities based on Charmouth and Lyme Regis' unparalleled geology, fossils and role in the birth of the earth sciences. It is organised by the Lyme Regis Development Trust in collaboration with the NHM and a range of local organisations and was supported by the Heritage Lottery Fund. This was the second in a three year commitment by the Museum to support the festival. We offered talks by our scientists, a Fossil Roadshow allowing identification of rocks and fossils collected by members of the public and designed activities for the 'Schools Day' attended by 800 pupils from local schools.

The Museum is a member of the National Biodiversity Network, a consortium of a number of associations, trusts and NDPBs, engaged in capturing and integrating wildlife data and making it reliable and available so it can be used many times in different ways by as many people as possible. The NHM's role is specifically to prepare a species dictionary to help people cope with regional differences in species names.

In addition to these strategic partnerships, we form numerous links in the regions through a number of methods:

- Loans of collection items,
- Informal working relationships,
- Commercial transactions.

International links

The Natural History Museum is an internationally recognised centre for the study of the diversity of the natural world. We welcome several international delegations of visiting scientists and museologists each year.

The NHM operates on a truly international level as our collection, consisting of 70million specimens is unique and of global importance as a model of the natural world. Our 350 scientists engage in scientific research in the UK and 68 other countries and participate in supranational fora - Professor Richard Lane, Director of Science was on the international steering committee of the OECD Global Science Forum that has developed the initial proposal to convene a special workshop on policy issues related to the optimal maintenance, utilization and international coordination of large scientific collections. The significance of GSF workshops is that they feed down to national governments, thus contributing to the NHM's advocacy to support the national collections we hold.

We tour our high-quality temporary exhibitions. In 06/07 1.7m people visited Natural History Museum exhibitions in 14 countries. We offer science and visitor attraction consultancy services, which are internationally active. Our innovative International Business Development unit are currently working on a range of different projects across the world.

We are one of the most visited cultural attractions in the UK and in 2006/07 37% of our visitors were international visitors.

Scholarship and Research

The Museum has in the past recorded a number of key performance indicators, a summary of which is provided below. With the development of a new Corporate Plan, these KPIs will change as of 07/08.

- Papers published in peer reviewed journals – 544 peer reviewed papers were published. Although showing a 1% increase on a rolling 5-year mean, we are currently focussing on increasing quality of science and publications in higher impact journals, not on increasing the number of publications;
- Grants won - Approximately £25.9m scientific grant funding (including value to collaborators) was secured from 47 successful awards. Grant deadlines and announcements tend to operate on multi-year cycles with no clear pattern, so a year on year comparison is unfair. Budget cutbacks at Defra have meant that the total pot to spend was half that of that in 05/06;
- Science enquiries answered – these are relatively stable with 48,977 on 06/07 against 51,953 in 05/06, but they are demand driven and the Museum has no power to drive that demand;

- Visits from visiting scientists accounted for 13,053 days on 06/07 against 15,600 in 05/06. Again there is no annual cycle, user demand is random, but could be affected by departmental closures driving down demand.

Highlights from 07/08 include:

- The third year of the *Synthesys* project, an EU funded programme of 13 million euros led by the Museum for developing and accessing collections, linking 20 museums and botanical gardens across Europe, was completed;
- Worked commenced on another significant EU funded partnership project in which the Museum will play a part leading role - the European Distributed Network of Taxonomy (EDIT) which aims to overcome fragmentation of research in taxonomy;
- The EU awarded a four year grant of 2.6 million euros to a network of institutions led by the Museum to study the formation and origins of the solar system;
- Digitisation work commenced at the Museum as part of the contribution to the Biodiversity Heritage Library (BHL) project. This is a partnership of ten international major natural history and botanical libraries who are collaborating to digitize the biodiversity literature to make it freely available on the web. The BHL is a key component of the Encyclopaedia of Life, launched in May 2007, which is an international collaboration to develop an online reference source and database for every one of the 1.8 million species that are named and known on this planet, as well as all those later discovered and described;
- Work continued on the third year (of four) of a £1.6m programme, known as the MOA project, which is developing a unified database for all the Museum's collections;
- In April 2006 the Museum, supported by a grant of £712k from the National Heritage Memorial Fund purchased the largest, most comprehensive collection of books by and about Charles Darwin (the Kohler Darwin Collection). The collection amounts to almost 3,500 items and includes almost everything Darwin published from 1829 onwards;
- The skeleton of the Thames Whale, a northern bottle-nosed whale, was received into the collections and made available for research. In January 2007, *The Guardian* mounted a small exhibition about the Thames whale at their Newsroom Visitor Centre in London. In 6 days, 2500 visitors came to see the prepared skeleton of the whale, displayed with other specimens from the Museum's mammal collections. Media coverage was extensive and worldwide.
- A comprehensive set of Collections Management Policies was approved by the Trustees in November 2006. Within the Museum, a museum-wide collections condition survey has started to identify those collections most at risk and requiring re-housing or re-location.
- Two mechanisms have been implemented to ensure the quality of individual research effort – our expectations of the performance of researchers at different levels in the Museum and a review of proposed research programmes for those who do not hold Individual Merit Promotions (an externally evaluated scheme for researchers in research council and other publicly funded laboratories). In parallel to the work with researchers, we have developed a

new competency framework for our collections management staff. The framework is the first of its kind for natural sciences collections in the UK.

- The Museum has contributed to a number of external consultations, such as the NERC Strategy launched in 2007.
- Dinosaur researcher *Paul Barrett* was awarded the 2007 Palaeontological Association Hodson Fund Prize in recognition of an outstanding contribution to science from a young worker under 35 years of age.
- *Richard Fortey* (Scientific Associate) has been awarded the Society of Sedimentary Geology's 'Raymond C. Moore Medal for Palaeontology'. This Medal is awarded in recognition of Excellence in Palaeontology.
- Meteoritics researcher *Sara Russell* has been appointed as visiting professor in the Department of Earth sciences and Engineering at Imperial College, London.
- Using molecular data Paul Eggleton (Entomology, Biol Lett.) demonstrated and reported in research highlights in *Nature* (446:704) that termites are not a separate order, Isoptera, but fall within one family within cockroaches. It is rare that a well established taxonomic unit at order level is demolished.
- Chris Stringer's recently published book '*Homo Britannicus*' (Allen Lane, London), an account of the results of the Ancient Human Occupation of Britain project, has been short-listed for the 2007 Royal Society Science Book Prize.

Other headline achievements (including awards):

- Dinojaws exhibition - the main special exhibition at South Kensington – a spectacular display of dinosaurs and their eating habits which opened in July 2006 and closed on 15th April 2007. It will now tour to Le Bioscope, Alsace, France. Future venues include are expected in Italy, Belfast and Vienna. The exhibition welcomed 287,958 visitors, and included a 'dino dig' on the lawns. The net income for the exhibition is £1,273,409, yielding a profit for the Museum. TV coverage included: Blue Peter, GMTV, BBC News 24, Richard & Judy, London Tonight, Newsround, as well as radio and print. The *Dino Jaws* exhibition successfully incorporated the concept of a digital trail using bar-coded tickets. Feedback from both visitors and the press has been positive, with the experience being seen as giving a new level of engagement to visitors.
- Other exhibitions included *The Ship: The Art of Climate Change*, a contemporary art exhibition on climate change in the Jerwood Gallery, followed by the Wildlife Photographer of the Year 2006 exhibition which in its 23rd consecutive year attracted a record 115,682 visitors. The introduction of a Print on Demand of some images generated an extra £63,469 in gross sales. The exhibition opened during the Museum's evening openings programme 'Winter Nights' on the last Friday of each month.
- The Walter Rothschild Zoological Museum at Tring was rebranded as the Natural History Museum at Tring. The main exhibition was *Dogs: man made friends?* which contributed to attracting yet another record number of visitors (117,368).

- In July 2006, the Museum organised and hosted an international student summit on climate change which was addressed by Ian Pearson, Minister of State of Climate Change and the Environment.
- A contract for the provision of energy services by way of a public private partnership which encompassed refurbishment of the boilerhouse and installation of a combined heat and power plant was signed. Waste heat generated by the electricity production is utilised for heating, cooling and dehumidification of the air supplied to the collections' stores.
- Following the successful application in 2005 which secured a £2.8m grant from the Government's Invest to Save initiative, work commenced on the project – a Carbon Neutral Future for the South Kensington cultural and academic estate. The money must be used to monitor energy efficiency in buildings that are part of the South Kensington Cultural and Academic Estate (which includes the Natural History Museum, Imperial College, the Science Museum, the V&A Museum and the Royal Albert Hall). Over three years up to 2010, all the partners aim to reduce their carbon emissions by 7-10%, equivalent to 4000-5000 tonnes of carbon dioxide.
- The Museum continued to achieve accreditation to the international environmental standard, ISO 14001;
- Human Remains settlement- In November 2006 the Trustees, in line with advice from its Human Remains Advisory Panel, agreed to transfer the remains of 17 Tasmanian aboriginal people to the Australian Government, which designated the Tasmanian Aboriginal Council (TAC) to be the receivers of these remains, and to also return the skull of an aboriginal person from Australia to the Australian Government. The TAC contested the decision by the Trustees to complete collection of data from the remains prior to their return. In response the Museum undertook to limit the range of techniques involved in the data collection until the dispute was resolved. In April 2007 some of the items for which data collection had been completed as originally planned, using techniques permitted within the terms of the Museum's earlier undertaking, were handed over to the TAC. Agreement was subsequently reached in mediation for the return of the remainder of the remains in May 2007, following collection of some data. These data collected will continue to be available to the world-wide anthropological community for research purposes. In addition, the agreement provides for the preservation of DNA material that had been obtained from the remains prior to the Museum's decision to return them, the processing of this DNA having been held in abeyance during the legal proceedings. It was agreed that future access to this material for science research purposes will be explored in discussion between the Museum and the TAC and these samples will be held in an agreed repository under shared control.
- Dr Mike Dixon, Director of the Museum was consulted to define the role of the Chief Scientific Adviser (CSA) for DCMS.
- The Museum participated actively in a Science Day held at Buckingham Palace as part of HM the Queen's 80th birthday celebrations. The event, co-organised by the Royal Society, Royal

Academy of Engineering and the Science Museum, was aimed at A-level students and focussed on presenting scientific careers in a positive light. During the day, approximately 2,000 school children visited the exhibits and there was an evening reception for senior scientists to which a number of Museum senior science staff and Trustees were invited. Feedback on the Museum contribution was very positive.

CAPITAL PROJECTS

Plans

Capital projects planned for the short term future include only refurbishment and upgrade works, as Darwin Centre Phase Two is a priority.

Progress against ongoing projects

Darwin Centre Phase Two, which will safeguard the Museum's entomological and botanical specimens and develop further the public access to the Museum's science, is scheduled to open in 2009. The main contractor for the core building, HBG UK Ltd, started on site in June 2006 with completion scheduled for mid 2008. Also during 2006-07, design work has continued on the components of the building accessible to the public, and planning for occupation and fit out, including the recant of the collections, has commenced.

At 31 March 2007 expenditure on Phase Two amounted to £29.344m funded from both internal and external sources, including £3.75m from DCMS, £8.521m from the Heritage Lottery Fund and £3.782m from the Wellcome Trust. Of this expenditure, £24.405m has been capitalised. Total funds received for the project amounted to £38.999m and thus there was a working fund balance of £9.655m available to fund future committed expenditure.

RISKS

Top 5 risks to the institution (*including impact, likelihood & existing control measures*):

The major corporate risks for 2006/7 as reported to the Trustees were ranked as follows:

1. Material damage to the Museum's infrastructure and reputation as a result of our failure to improve business continuity systems;
Likelihood: 8 Impact: 8 Control: 4
During the year, under the direction of David Sanders, Head of Estates, a team has been building a new business continuity system for the Museum, using components in place from a previous system, but in line with DCMS recommendations. The project will link business continuity planning to crisis management procedures and be ready for testing in September 2007.
2. Darwin Centre Phase Two Construction costs exceed budget and risk allocations;
Likelihood: 9 Impact: 9 Control: 3
During 2006/7 the Project Director for DC2, Richard Toy, left the Museum and a new programme structure reporting to Neil Greenwood, as DC2 Programme Director, was implemented. The OGC Gateway recommendations from April 2006 have been actively pursued and detailed project

management of construction reviewed by appointment of an external company to undertake an exhaustive study. The resulting report led to the severance of the Project Management agreement with Heery and the re-tendering of this contract. We believe cost management of construction is under very tight and proactive control as the result of these changes.

3. The Museum suffers material loss through failing to fully implement the new brand values in all activities;

Likelihood: 7 Impact: 8 Control: 4

The principal development here has been the development of the Museum's 'Brand Blueprint' which explicitly links our vision, mission and brand proposition to brand values, identity and personality. More practically, the new branding has been applied to internal and external way-finding and projects commenced on using the brand to drive retail product ranges and to inform key decision making processes, such as engagement with other corporate bodies. The internal scepticism or cynicism sometimes associated with re-branding exercises has been well managed by good internal communication.

4. The new appraisal system fails to deliver anticipated improvements in performance;

Likelihood: 8 Impact: 8 Control: 3

The Director of HR owned this risk and took on the responsibility for ensuring that appraisals were completed in a timely fashion and that identified performance issues were acted upon. Additionally, there was an analysis of the distribution of performance to compare with an assumed normal distribution to ensure that the appraisal system was been applied consistently and effectively. Data on probationary periods unsuccessfully completed, departures on performance grounds and improvement actions identified all suggest that the process has been well implemented.

5. Terrorism or civil unrest leading to material damage to the Museum and possible injury or loss of life

Likelihood: 6 Impact: 9 Control: 3

Given the continued heightened security status we recognise the need for constant vigilance in this area. During 2006/7 communication mechanisms between Government and the Museum have been much improved and we have built effectively on close relations with the Metropolitan Police that proved so valuable in the security planning and execution for Diamonds in 2005/6. Security of the Museum's entrances for public visitors has included routine bag searching at all times and has been stepped up at intervals as a deterrent and in response to known specific risks, for example to the Shell sponsored events associated with Wildlife Photographer of the Year and the exhibition itself.

FINANCIAL POSITION

Summary of the financial position

The overall level of funds increased by £64.4m from £430.0m to £494.4m (of which £55.1m is attributable to the indexation of fixed assets).

The total incoming resources for the year amounted to £77.7m (2006: £72.8m) of which £43.4m (2006: £41.5m) was grant-in-aid. The increase of £4.9m was predominantly attributable to grant in aid (increase of £1.9m), income from donations (increase of £5.4m) and the Heritage Lottery Fund (£3.1m) including for Darwin Centre Phase Two, while 2005-06 included a profit on disposal of fixed assets of £5.6m.

The total resources expended amounted to £68.4m (2006: £74.8m). The reduction of £6.4m was attributable to a number of significant factors. Firstly, 2005-06 included the write off of the Entomology Building (£3.4m) arising from demolition; secondly 2005-06 also included non capitalised Darwin Centre Phase Two expenditure (£3.9m); thirdly, there was a reduction in trading costs; and finally there was a reduction in the costs attributable to the exhibition programme.

Capital expenditure for the year amounted to £19.8m of which £15.4m was attributable to Darwin Centre Phase Two and £1m was for the purchase of the Kohler Darwin Collection. Tangible fixed assets at 31 March 2007 amounted to £474.3m (2006: £407.9m) which predominantly represents land and buildings.

The net current assets at 31 March 2007 amounted to £19.2m (2006: £21.0m), incorporating a cash balance of £22.8m. This includes the funds (restricted and designated) held to meet committed expenditure for Darwin Centre Phase Two amounting to £9.6m. The net current assets balance also underpins the further Museum investment in 2007-08 of c£7m of the total c£30m expenditure which will be incurred on the project during the year.