

**Three Year Funding Agreement 2003-2006 Between
The Board of Trustees of the Tate Gallery and The
Department For Culture, Media And Sport**

Sections

1. Introduction
2. Strategic Context
3. Levels of Public Investment
4. Performance Targets
5. Reform Strategy and milestones/targets
6. Validation of Performance Measures
7. Performance Review Mechanism

Annex A – DCMS Objectives, key priorities, PSA and SDA targets

Annex B – Link between DCMS's key aims/priorities and those of the Tate

1. INTRODUCTION

- 1.1 This Agreement is between the Department for Culture, Media and Sport (DCMS) and the Board of Trustees of the Tate Gallery (“Tate”);
- 1.2 is signed by the Minister for the Arts for the DCMS and by the Chairman of Tate on behalf of the Trustees;
- 1.3 is valid for the three-year period April 2003 to March 2006
- 1.4 takes account of the statutory requirements placed upon the Tate Trustees by the Museums and Galleries Act 1992.

2. STRATEGIC CONTEXT

Aim and Objectives of this Agreement

- 2.1 This Agreement sets out DCMS’s aims and objectives, key priorities and targets established in its Public Service Agreement and Service Delivery Agreement with Treasury (listed in annex A attached) and shows how Tate’s own objectives and activities will contribute to their achievement; identifies further key objectives to which Tate is working; and lays out the targets against which achievement of the objectives is to be measured.
- 2.2 The Funding Agreement describes the headlines of what public investment is achieving and the statutory obligations of Tate.

Strategic Priorities and Rationale for Targets

- 2.3 A key aim of the Funding Agreement is to demonstrate the connections between Tate’s core business and DCMS’s own objectives and four principal strategic priorities. It illustrates the linkages between the Tate’s activities and the DCMS’s objectives, its PSA and Service Delivery Agreement targets.
- 2.4 The table at Annex B demonstrates how Tate’s objectives and activities link to each relevant DCMS objective; how the targets in section 4 below connect with DCMS objectives, DCMS’s PSA and SDA and the Secretary of State’s four key priorities.

Tate’s Strategy, Planned Activity, Measurement and Risks

- 2.5 The following priorities have been identified by Tate for the period of this Funding Agreement.
- 2.6 *Collections and programmes*

Development of the Collection. Tate’s ability to maintain its position as the world’s finest collection of British art and one of the four great collections of modern art is crucially important, and is ultimately how posterity will judge the effectiveness of our joint stewardship of the institution. Although it is not possible to achieve this aim through public funds alone, government must ensure that the public interest is reflected in shaping the Collection. A three pronged strategy will be implemented to ensure Tate is in a position to continue to secure important works for the Collection:

- The implementation of a concerted fundraising initiative targeted on the Collection, both for individual acquisition causes and to build an endowment over the long term.
- The development of stronger relationships with private individuals and collections, to encourage long term loans and gifts to the Collection.
- A programme of advocacy with Government to improve the fiscal incentives for gifts of works of art, which are currently much less favourable than for many other classes of asset.

The successful delivery of an inspiring and revelatory exhibition and display programme, to c.5 million visitors p.a. in the UK with a particular emphasis on building new audiences.

The implementation of a focused programme of research on the Collection and related matters, disseminated world-wide on-line, through a publication programme of c. 30 books per annum, and regular conferences and seminars.

The presentation of a wide range of education and interpretation programmes, to c. 350,000 participants each year, including the continued exploration of new approaches and techniques using multimedia technologies.

The further development of programmes across the UK, through our existing National Partnership Programme, loans from the Collection and other forms of collaboration, including the provision of more general support and advice to regional museums through the Renaissance in the Regions scheme.

The presentation of a wide range of exhibitions internationally, promoting the role of British art and culture, drawn from the Collection and the loan exhibition programme

2.7 *The Estate*

The implementation of an integrated and properly sequenced strategy for our estates. The most important priorities within this strategy are:

- Relocating the London Electricity distribution centre at Tate Modern. This would remove the significant strategic risk (fire and terrorism) and operational risk (noise and disruption) inherent in the co-location of the world's most popular museum of modern art and the largest electricity distribution centre feeding the City of London. It would also unlock a second phase of urban and social regeneration in Southwark to the south of Tate Modern. Tate will be working with Government and its agencies to take this forward.
- Improving back of house facilities to generate further efficiencies and to improve effectiveness, including the creation of adequate office accommodation at Tate Britain, and fit for purpose collection care facilities at Southwark, potentially in partnership with others.
- Creating a plan for the refurbishment of pre-war galleries at Tate Britain, including the successful implementation of improvements to the Duveen galleries.
- Taking advantage of opportunities presented by neighbouring developments in Liverpool and by the availability of European funding in Cornwall, as a springboard to achieving a second phase development in St Ives.

2.8 *Resources*

The successful delivery of the above depends on **achieving demanding financial targets** for both costs and revenues. More than 50% of Tate’s total revenues come from self generated income such as sponsorship, trading and donations. Staff costs represent less than 45% of total costs. In order to maintain this position the following priorities have been set:

- The delivery of a programme of streamlining, supported by improved internal communications.
- The implementation of a new pay and grading structure.
- The creation of a partnership strategy with other commercial and public bodies to complement Tate skills and resources with those of others, and as a means to broadening audiences.

2.9 A risk based approach is integral to Tate’s approach to management. A register of high level risks is considered and approved by Trustees annually, with underlying operational risks reviewed and updated as part of Tate’s regular performance monitoring process; these operational risk registers are formally revisited on a quarterly basis. Tate has identified the following top ten risks to the achievement of current objectives and plans. Mitigation of these strategic risks is key to the management processes within Tate.

- Inadequate and uncertain funding if Government funding remained static and if self-generated income were to decline
- Failing to maintain, conserve and develop the Collection
- Failure to deliver appropriate programme that attracts visitors
- Failure to retain our public profile and Tate's reputation
- Failure to recruit, motivate and retain appropriate staff
- Failure to plan strategically and achieve buy-in to our objectives
- Damage to, and deterioration of, our buildings and estate
- Ineffective management of programme and capital projects
- Failure to comply with statutory and regulatory framework
- Theft and fraud

Further short term risks to the achievement of the targets set out in this Agreement include any downturn in tourism caused by the war in the Middle East and the impact of an economic downturn on self-generated income. A fifty percent reduction in long-haul tourist attendance would result in a £500,000 loss of revenues in 2003-04.

3. LEVELS OF PUBLIC INVESTMENT FOR 2003–2006

3.1 The level of Government funding for the 3 years 2003-2004 to 2005-2006 includes the amount announced in the Secretary of State’s letter of 22 October 2002 as follows:

£ms	2003/04	2004/05	2005/06
1. Resource Baseline	27.482	27.482	27.482
2. Capital Baseline	0.800	0	0
3. Additional Resource G-i-A	2.000	1.099	1.429
4. Additional Capital G-i-A	0	1.3	1.5
Totals	30.282	29.881	30.411

- 3.2 Additional funds may be available as a result of the funding held back to promote strategically commissioned projects from 2003-04 onwards. If successful, Tate will agree specific targets in relation to strategic commissioned projects.
- 3.3 There is no guarantee that such additional funds will be available. Where no decision has been made at the time of signing they will be dealt with by subsequent variations to the Funding Agreement.
- 3.4 Tate will plan and agree targets on the basis of the figures as given above. Variations to this Agreement may be agreed and incorporated as necessary.
- 3.5 Success in achieving the targets in this Funding Agreement will inform the way in which the Secretary of State is able to approach the next funding round with Treasury. Tate's ability to show measurable improvements in service delivery and achievement of the targets to support delivery of Government policies will be a factor in the Secretary of State's decisions over future allocations.
- 3.6 This Funding Agreement recognises that the achievement of the targets may also reflect success in self-generated income, sponsorship and improvements in efficiency.

4. PERFORMANCE TARGETS

- 4.1 The specific quantitative targets for the three years of this Agreement are:

Core Target	2003-04	2004-05	2005-06
1. Total Number of Visitors	5.1m	4.9m	4.9m
2. Numbers of Children Visitors	0.7m	0.7m	0.7m
3. Numbers of Venues in England to which objects from the Collection are loaned	40	40	40
4. Number of C2DE visitors required to achieve an 8% increase by 2005-06 on the 2002-03 baseline	0.5m	0.55m	0.6m
5. Number of website hits (unique users)	2.0m	2.1m	2.2m
6. Number of children in organized educational programmes both on-site and outreach	0.14m	0.14m	0.14m

The principal challenge for Tate in relation to the above is to maintain the level of attendance and audience engagement for the coming three years at the current level, following the halo of attention during the opening period of Tate Modern. Tate Modern is the world's most popular museum of modern art (MoMA, New York, attracts c.1.2 million visits per annum, compared to well in excess of 3 million at Tate Modern); attendance at Tate Britain greatly exceeds that for similar institutions world-wide (the Whitney, New York, attracts c.600,000 visits per annum, compared to over 1 million at Tate Britain); and Tate Liverpool and Tate St Ives attract higher attendance levels than similar UK museums and galleries outside the capital.

4.2 The following qualitative activities specifically support the delivery of the Secretary of State's key strategic priorities:

- a. **Strategic Priority 1** – Enhancing access to a fuller cultural and sporting life for children and young people, and giving them the opportunity to develop their talents to the full.

Tate presents a wide range of education and interpretation programmes targeted at children and young people. These include: participatory workshops, play activities and story telling sessions for families; workshops, projects and learning resources for school pupils; training programmes for Primary and Secondary school teachers; after-schools programmes for socially excluded and gifted children; and strong links with the youth service at local and national levels for 15-23 year olds. This programme will continue to be presented, and developed as resources and funding opportunities permit.

Schools Programme: Visiting art galleries and museums is an increasingly important component of informal and formal learning for children and young people, both in relation to visual arts disciplines themselves and as a complement to other subjects. Tate's Schools Programme ranges from free gallery sessions for pupils, to a regular schedule of professional development opportunities for teachers. Features of Tate's approach to teaching and learning are: use of visitors' ideas, knowledge and experience as a primary tool for engaging with art; development of the critical, conceptual and analytical skills to look at and interpret art; and providing opportunities for discussion, debate and sharing ideas. Combining discussion with activities such as word games, sets of images and handling objects, the programmes encourage the creative acquisition of skills, strategies for looking at art, and the consideration of the many meanings in a single artwork. The programme complements examination courses, aspects of the National Curriculum for Art and Design, (such as the Breadth of Study programme), and can also be used to develop literacy. These programmes are of particular value to teachers who wish to place their work within the expanded field of modern and contemporary visual art practice.

Outcomes and outputs: The programme aims to develop the creative skills of school age children and to relate visual art to broader cultural concerns and challenge traditional ways of interpreting or creating art. In excess of 140,000 young people and school teachers will participate in educational activities organised by Tate each year over the coming triennium. Assessment will be supplemented by course evaluations and other feedback.

- b. **Strategic Priority 2** – Opening up our institutions to the wider community, to promote lifelong learning and social cohesion.

Museums and galleries are places of personal and community fulfilment, offering visitors the chance to discover more about the past and to recognise the achievements of the present, while encouraging individual creativity and imagination. Tate, with its unique combination of British art from the Renaissance to the present day and international modern art, offers visitors a wide variety of routes into its programmes through changing displays of the Collection, an extensive temporary exhibition programme, partnership arrangements with regional galleries, ambitious art projects and complementary interpretation and education activities both for the general visitor and specific community groups. Through such programmes, Tate continues to both reflect and shape the place and value of the visual arts in British culture.

Collection Displays: Tate will continue to present a comprehensive programme of changing displays at all galleries that showcase the breadth and depth of the national collection of British art and international modern art. By presenting displays in thought

provoking and innovative ways, Tate will continue to explore the historical and cultural aspects of visual art in ways that are relevant and accessible to a diverse range of visitors and encourages new audiences to engage with art. Examples include displays featuring the work of Jamaican born artist Ronald Moody at Tate Britain and *From Tarzan to Rambo*, which examines representations of race, colour and cultural stereotyping in our society, and *Urban, Suburban, Rural*, which contrasts artists' responses to these different environments, at Tate Modern.

Outcomes and outputs: The displays programme aims to present Tate's collection in ways that promote appreciation and understanding of art among people from all sectors of society. Around 5,000,000 visitors are expected to visit the collection displays at Tate's galleries each year over the coming triennium. Evaluation will be supplemented by visitor surveys and feedback.

- c. **Strategic Priority 3** – Maximizing the contribution which the leisure and creative industries can make to the economy.

In addition to their economic contribution by way of encouraging international and domestic tourism, through local regeneration and by leveraging commercial and other private funding to supplement public sector investment, art galleries act as a point of reference and inspiration for the design and creative communities. Tate's role as a catalyst for innovation has developed hugely over recent years, both in this general enabling sense and through specific projects. The latter includes the development of the world's first-hand held multimedia interpretation tool (recently awarded an interactive BAFTA).

Self-generated income: Uniquely for National Museums and Galleries of similar scale, Tate raises the majority of its revenue from the private sector (58% of total revenues in 2002/3, up from 45% in 1999/2000, in turn up from 17% in 1987/88). Tate aims to continue to maximise income from all sources and to develop new approaches to our work, often in partnership with the commercial sector.

Outcomes and outputs: Over the coming triennium Tate aims to leverage public sector funding by generating at least 50% of its total revenues from the private sector.

- d. **Strategic Priority 4** – Modernizing delivery, by ensuring our sponsored bodies are set, and meet targets which put the customer first.

See 5. Streamlining below.

- 4.3 Responsibility for delivery of the targets in this Agreement will be that of Sir Nicholas Serota, Director of Tate, on behalf of the Board of Trustees.

5. STREAMLINING

- 5.1 Tate has been provided with £2.0 million of funding in 2003-04 to carry out a reform and modernisation programme.

- 5.2 The headline components of this programme together with the milestones and targets against which they will be monitored include the following:

- The implementation of a new pay and benefit structure. The aim is to improve recruitment and retention of staff and afford greater flexibility in performance management. Key elements of a new pay structure will be negotiated in 2003-04 for implementation from April 2004.

- An overall review of structures and decision making to streamline management and improve information flows. Specifically, implementation of a review of decision making groups will take place during 2003, as will a review of Board processes and papers.
- Overhaul of training programme to improve alignment of training provision with business need, specifically in respect of management development and organisational change. To be implemented during 2003/04.
- A programme of process improvement and automation. The aim is to improve efficiency and add value by ensuring processes are properly integrated and that benefit is released from past software investment. Reviews of collection management, relationship management and other systems to be completed and recommendations implemented by end 2003/04.
- Improvements to office provision. The aim is to aid collaborative working and eliminate future cost by bringing related functions together and providing fit-for-purpose accommodation. Specifically, integration of National Programme and International Programme teams with Tate Britain and co-location of Planning and Director's Office teams by end 2003 together with on-going rationalisation of accommodation provision.
- Review of procurement practises to identify savings. Specifically, implementation of new Facilities Management structure and a review of operational procurement during 2003.

An underlying measure of all of the above will be the achievement of overall budget targets, which are in part dependent on the successful implementation of the streamlining programme.

6. VALIDATION OF PERFORMANCE MEASURES

6.1 This Agreement is also supplemented by the performance measures which were established following the Efficiency and Effectiveness Review; these will be collected annually.

7. PERFORMANCE REVIEW

7.1 Notification of any planned/forecast changes from target outturn will be notified to the Department as soon as practicable.

7.2 Tate will produce an annual review of this Agreement no later than 31 July for the prior year. This will form the basis of the autumn meeting to review last year's achievements, to monitor the current financial year and to look forward to the following year(s).

7.3 There will be at least one additional meeting to monitor in-year progress of the Funding Agreement.

Signed by:

The Rt Hon Baroness Blackstone
Minister for the Arts
Department for Culture, Media and Sport

Mr David Verey
Chair
The Board of Trustees of the Tate Gallery

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DCMS Objectives

1. Increase participation in culture and sport and develop our sectors.
2. Develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors.
3. Modernise delivery to the customer by ensuring that DCMS and its sponsored bodies improve performance and pursue institutional excellence.

Secretary of State's 4 Key Strategic Priorities

1. Enhancing access to a fuller cultural and sporting life for **children and young people**, and giving them the opportunity to develop their talents to the full;
2. Opening up our institutions to the **wider community**, to promote lifelong learning and social cohesion;
3. Maximising the contribution which the leisure and creative industries can make to the **economy**;
4. **Modernising delivery**, by ensuring our sponsored bodies are set, and meet targets which put the customer first.

Public Service Agreement

The key deliverables through the **Public Service Agreement** that the Department has signed up to during the SR2002 period that relate to museums and galleries sector are:

1. Increase participation in culture and sport and develop our sectors.
2. Increase significantly take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.
3. Improve the productivity of the tourism, creative and leisure industries.
4. Improve significantly the value for money of the Department's sponsored bodies measured by a matrix of NDPB indicators.

Service Delivery Agreement

The key SDA targets to be delivered during the SR2002 period are:

1. The maintenance of free access to DCMS sponsored museums and galleries.
2. Increase the numbers of children attending museums and galleries to 7m by 2006.
3. To increase the numbers of children and young people participating in education programmes run by the national museums and galleries to 2.4m by 2006.
4. Increase by 8% by 2005/06 adult C2DE visitors to DCMS-sponsored national museums and galleries.

between DCMS's key aims/priorities and those of the Tate

DCMS Objective	PSA/SDA Strategic priority	Key delivery mechanism/ activity	Tate's Related Objectives/ activity	Core Performance Measures
<p>increase participation in culture and sport and develop our resources</p>	<p>Enhance access to a fuller cultural and sporting life for children and young people, and give them the opportunity to develop their talents to the full.</p> <p>Increase the contribution made to education by museums and galleries.</p> <p>Open up our institutions to the wider community, to promote lifelong learning and social cohesion.</p> <p>Increase significantly take-up of cultural and sporting opportunities by new users aged 20 and over</p>	<p>Maintain free access at national museums and galleries</p> <p>To increase the numbers of children and young people participating in museum education programmes.</p> <p>Use strategic commissioning with national museums to deliver national / regional community partnerships</p>	<p>Provision of engaging collection displays and exhibitions programmes at each site which are actively marketed</p> <p>Publishing programme tied to the above, both in print and online forms, including a continuing digitisation programme</p> <p>Ongoing work undertaken by visitor and customer service teams to enhance visitor experience</p> <p>Programme of visitor research to identify opportunities for new audiences and creation of audience development policy</p> <p>Continued work with local organisations and community groups at each site</p> <p>Ongoing programme of education and interpretation programmes – formal and informal</p> <p>Ongoing provision of Library and Archive facilities</p> <p>Adding to the Collections as resources allow, specific</p>	<p>No. of children and young people participating in education programmes (both on-site and outreach).</p> <p>Total numbers of visitors.</p> <p>Total numbers of children.</p> <p>No. of website hits (unique users).</p> <p>No. of venues in England to which objects from collections are loaned.</p> <p>% Increase in number of C2DE's</p>

	<p>above from priority groups.</p> <p>Increase by 8% by 2005/6 adult C2DE visitors to national museums and galleries</p>		<p>developments planned in relation to photography and art from outside Europe and North America</p> <p>Apprentice and internship programmes across Tate</p> <p>Providing support for national and regional initiatives where appropriate and working with other governmental institutions and continuing its National Partnership programme</p> <p>Development of buildings in response to users and opportunities Specifically:</p> <p>Work with Tate Modern neighbours to formulate plans for the Bankside area of Southwark.</p> <p>Implement Masterplan for Tate Britain including planning for the refurbishment of the pre-war galleries</p> <p>Work with Cornwall county Council to secure ERDF funding for St Ives generally and further development of the Gallery site.</p>	
<p>Develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of</p>	<p>Improve the productivity of the tourism, creative and leisure industries</p>		<p>Continue to generate high levels of self generated income through:</p> <p>Targeted marketing to Friends and other user groups</p> <p>Review of Sponsorship product in 2003-04</p> <p>Introduction of new retail and catering facilities</p> <p>Continuing innovation in licensing and product development</p> <p>Sharing best practice and experience through the annual Tate Seminar</p>	

ectors			Management of impact of a tourist turndown arising from war.	
ernise ery to the mer by ing that S and its ored bodies ove rmance and e tutional lence.	Improve significantly the value for money of the Department's sponsored bodies, measured by a matrix of NDPB indicators.	Work with NDPBs to improve delivery of strategic priorities concentrating on customer impact.	Ongoing work undertaken by visitor and customer service teams to enhance visitor experience at all sites	Measured through matrix of performance indicators from the Funding Agreement and the annual Efficiency & Effectiveness PI's including regular sampling and surveys of customer satisfaction.
		Internal reform and modernization of delivery	Pay and benefits review Induction of new senior team Developing plans and achieving Departmental consent for a Collections Centre and fit for purpose office accommodation.	