



IWM Corporate Plan 2015–18

1. Introduction

This plan sets out our ambition for the coming years; it lays the foundation for major development at our branches over the next decade, in particular, the continued transformation of IWM London and work to deliver a masterplan at IWM Duxford. At IWM North, Churchill War Rooms and HMS *Belfast* we will continue to deliver high quality exhibitions and programmes, focusing on target audiences for each of these branches. This means we will remain relevant to new and existing audiences, build our market share, increase our audience impact, levels of self-generated income and net profit levels, and build our brand and profile.

Over the last five years, our Board of Trustees have signed off a series of strategies that guide our work towards delivering our organisational objectives; this direction of travel is reflected in our Corporate Plan. We are focusing in particular on delivering incremental commercial growth, building our financial sustainability, developing our contemporary collecting approach, building on partnership working models and effectively managing our estate and infrastructure.

2. What are we all about?

Our **vision** is to be a leader in developing and communicating a deeper understanding of the causes, course and consequences of war.

Our **objective** is to explore what happens when we go to war and its impact on people's lives. We record and showcase people's experiences of modern conflict. Through the powerful stories and experiences in our unique collections we challenge people of all ages to look at war and conflict from different perspectives.

Our **aims** are to:

- § prioritise our audiences
- § increase our financial sustainability
- § deliver effective stewardship of our collection

3. Our services and programmes

Our collections are vast and rich. We look after them in perpetuity on behalf of the nation. We aim to make them, together with our branches (some of which are historic sites), accessible to the widest possible audience through exhibitions, research, digital activity, learning programmes, tours, handling sessions, filming, lectures and many other different activities. Whilst much of our public offer is free of charge, some of what we do is charged for. The revenue we generate is essential to our ongoing operation, particularly in the

context of reducing government funding. The profit that we make is re-invested into our programmes and activities to ensure that we continue to deliver our vision and mission.

There is no admission charge to visit IWM London and IWM North. At these branches, which both cover the full IWM remit (looking at conflict from 1900 to the present day), we offer permanent exhibitions, updated on a periodic basis, together with an exciting programme of changing temporary exhibitions. At IWM London, we also offer a separate programme of temporary exhibitions that are charged for.

At Churchill War Rooms, HMS *Belfast* and IWM Duxford, we charge for admission. These prices are regularly benchmarked with similar organisations and we offer concessionary rates (for example, for booked groups). We regularly undertake market research to inform our programming and to ensure that we are meeting visitor needs and expectations.

We offer a wide range of learning services and programmes. Groups of formal learners from schools, colleges, universities and other institutions pay a competitive charge for facilitated, themed learning sessions. Groups can also pay for a pre-booked visit at special concessionary rates. We also offer informal and drop-in learning sessions for visitors of all age groups.

We also have exciting opportunities for people to get further behind the scenes. These range from hosting an event with us at one of our unique venues, to booking a private tour or even a flight in a historic aircraft at IWM Duxford. We also have an active volunteering programme, where people get directly involved in our work. The benefits for us, and for each of our volunteers, are substantial.

4. Our achievements to date

Last year we welcomed over 2.8 million visitors to our branches. Over 460,000 learners took part in our educational programmes and activities. To mark the start of the Centenary of the First World War, we launched innovative new galleries at IWM London, as well as the digital project Lives of the First World War, a permanent digital memorial to tell the life stories of over 8 million men and women who served at home and on the fighting fronts during the First World War. We are also leading the Centenary Partnership Programme, which now has over 3,400 members comprising national and international organisations from 54 different countries. The Centenary means that we have built an amazing set of relationships to keep evolving. We have developed a Partnership Strategy that sets out how we will build on these and other strategic partner relationships in the future.

However, we face considerable financial challenges, not least, reduced and reducing grant-in-aid funding. In the last five years, our government funding has reduced by one third in real terms. Whilst we have been able to build self-generated income (it's now 60 per cent of our total operating income), we remain under financial pressure. We have found efficiency savings, including changes to the way that we do things (we have a new audioguide contract at Churchill War Rooms and HMS *Belfast*) and changes to our systems (we have a programme of works to increase energy efficiency across our estate). During 2014, we contracted out visitor services and security staff. This was driven by our desire to provide excellent customer service and the right level of training for staff delivering this at each of our branches every day, but it has also brought salary savings to our business. Looking ahead, we are making changes to collections storage, for example, working with an external

partnerto find an alternative to the current nitrate film store at Ickleton. Again, this will net savings to IWM.

In March 2014, the trustees signed off our Financial Sustainability Strategy. This sets out our response to the immediate and longer term fiscal challenge, an important part of this being the launch of the change programme. With the appointment of a Change Director, we have undertaken a major review of everything that IWM does. As a result, we have restructured our staffing model and built this Corporate Plan on the basis of focusing on our very highest priorities.

Our collections

We care for an extraordinary collection of art, documents, film, photographs, books, sound and objects for generations to come. It contains the reactions, memories and stories of the whole of society. We make this collection – the scale, depth and range of which is unparalleled – accessible to our visitors and users.

Our successes provide a solid platform to build on as we continue to transform. We are committed to extending and increasing our impact as well as broadening participation. Alongside this, we are thinking about how we sustain our relevance. Crucial to this will be the delivery of our Contemporary Collecting Strategy, developing the collection so that it reflects contemporary conflict. Examples of our contemporary collecting work include the very successful *War Story* project, which started in 2010. This has seen us working in partnership with the Ministry of Defence and British service personnel involved in the conflict in Afghanistan to record their personal experiences. The sheer volume of digital material from recent conflicts provides us with an unparalleled visual and written record. Collecting tools include online uploads for soldiers, collecting workshops with units and field trips by IWM staff to Afghanistan. Four exhibitions have been produced to date using this material. In the future, we will be expanding this programme to cover other conflicts in other countries.

Alongside contemporary collecting, we have continued the Collections Review process which began in 2010. We have a more sustainable and dynamic collections management approach, strategically shaping our collection by identifying key acquisitions, managing the targeted disposals programme, and progressing art commissioning over the corporate planning period. A key part of the programme is the sharing of knowledge about the collections for staff to make best use of our diverse collections through the development of exhibitions, online content and commercial products and services.

Our programmes

Over the last year, we have offered a rich range of visitor experiences across our branches. Public programming has included *From Street to Trench: A World War that Shaped a Region* at IWM North; the largest exhibition of its kind, it reveals the vital contribution the North West made during the First World War, both on the battlefields and at home. At IWM London, as well as the acclaimed new First World War Galleries, we opened *Truth and Memory: British Art of the First World War*, the largest exhibition of British First World War art for almost 100 years. Alongside this, we have created an international First World War touring exhibition which opens in Melbourne Museum, Australia, in April 2015.

In terms of our permanent galleries, the Holocaust Exhibition at IWM London is visited by two thirds of our visitors. We will be working with the new permanent body established by the

Holocaust Commission over the coming weeks and months as they look to deliver the recommendations of the final report published in January. We fully support the principle to establish a permanent and fitting memorial and meaningful educational resources in Britain for generations to come.

Our learning projects have included *New Perspectives on the First World War*, a series of projects where young people from four different London schools have investigated lesser-known aspects of the First World War. The programme complemented topics already taught in school, provided a broader perspective of the First World War and encouraged students to share their new perspectives on our collections. Our Youth Advisers worked with various departments and staff across IWM, learning new skills and finding out more about the various professions and disciplines in the organisation. We have also benefited greatly from their fresh ideas and viewpoints and their invaluable role in developing the First World War Galleries, working on family captions and a trail for young people. The Young Reporters were pupils from local primary schools involved in recording the transformation of IWM London, working with radio students from Lambeth College to produce podcasts of their experience of interviewing staff about the project.

At IWM North, we have continued to work with partners on the *if: Volunteering for wellbeing* project, targeting those at risk from exclusion from the workplace and formal education. When completed, this three-year project will be the first major volunteer programme to measure the impact of responsible volunteering in the heritage sector on health and wellbeing. Developed in partnership with The Manchester Museum, it will provide robust evidence of how volunteering in museums can change people's lives and support wellbeing. We continue to be supported across our branches by over 1,000 volunteers; their contribution to our work is very significant and builds year on year.

Our branches

Over recent years, we have made substantial changes to our business. We have re-launched IWM London following the completion of phase one of our masterplan for the branch. Alongside this, we have restored huge sections of HMS *Belfast*, as well as building a new entrance there and at Churchill War Rooms. We have delivered a programme of new and innovative exhibitions at IWM North, together with *AirSpace* and Historic Duxford at IWM Duxford. Masterplanning across the IWM estate means that we have a clear set of priorities for how we will continue to develop our buildings and infrastructure. This is set out in the Estates Strategy approved by our Board in 2014.

Our reach

We have created and embedded new IWM branding and moved forward significantly on digitisation. Alongside this we have launched a new website. We have worked hard to modernise our business and increase efficiencies. We have gained Independent Research Organisation status which supports our research activity and academic standing. We are in the process of a phased project to progressively upgrade our collections storage at IWM Duxford North Side. We have calculated that our economic impact through tourism across all branches was in excess of £80.5 million in 2013–14 alone and we aim to exceed £100 million in 2014–15. More widely, we have also made great progress in delivering our Commercial Strategy, where we seek to systematically build net profit levels across a range of revenue streams. These are now 63 per cent higher than the average for recent years.

5. How we will deliver our aims?

Table 1: CP15 activity overview

Priority project	Description	Impact and outcomes	Investment and success measures
Prioritise our audiences			
Public programming across all channels	Our exhibitions, events and other programming will be audience focused. Highlights include <i>Fashion on the Ration</i> at IWM London and <i>Horrible Histories: Blitzed Brits</i> at IWM North	<i>We will create excellent, inspiring and relevant visitor experiences</i>	We are building and developing our audiences in a targeted way. It is critical that we remain relevant and engaging to our users.
Improved customer service standards	We will ensure that service levels across all of our activity are excellent and meet audience expectations	§ People will have a deeper understanding of the causes, course and consequences of war and its impact on all of our lives	To this end, we are making £5.9 million in additional priority investment to deliver this aim in 2015–16. Our progress is directly linked to the commercial, partnership, financial sustainability and estates strategies agreed by our Board of Trustees.
Digital development	We will continue to build innovative digital products and services that are audience-led	§ We will build and engage a loyal audience and supporters	
IWM Duxford masterplan	We will transform the site over the coming years, starting with the visitor centre in the welcome zone and a new hotel development	§ Our public offer will be dynamic and responsive to audience feedback	
Transforming IWM London phase 2	Building on the incredible success of phase 1, we will deliver the next stage of transformation which includes the new Second World War galleries, an upgraded Holocaust Exhibition and a new accessible entrance	§ We will cement our profile as an influential, internationally renowned museum through excellent product and customer service of the highest standard	<i>Key performance indicators in 2015–16:</i>
American Air Museum	Following a major upgrade, the new museum at IWM Duxford will reopen in March 2016. The project also includes a new website and digital resources		– Visitor numbers increase by 4% to 2.6 million
Centenary Partnership Programme	We will continue to support the Programme. We will plan for the legacy of the Partnership beyond 2018. Alongside this, we will focus on building and maintaining a strong network of supporters and influencers		– 99% of visitors will definitely recommend a visit to others

Table 1: CP15 activity overview

Priority project	Description	Impact and outcomes	Investment and success measures
Increase our financial sustainability			
Change programme	We are fundamentally changing the way that we work. The first phase of the structural change part of this programme is now complete. We have strengthened leadership and centralised much of our activity to increase efficiency and effectiveness. We will be concentrating on building cultural change throughout IWM so that we are joined up and agile in the way that we work	<i>We will secure our long term financial viability and create a flexible, entrepreneurial and dynamic working culture</i>	We have successfully reduced our fixed costs by £2.5 million and are increasing the net contribution from self-generated income by £1.5 million.
Customer relationship management	We will introduce this new system and revolutionise the way in which we deliver customer service. The system will work across, and join up, all of our audience-facing online transactions and bring major business efficiencies	<p>§ We will incrementally build our net profit levels</p> <p>§ We will build our income and financial flexibility so that we can invest in our offer</p>	Alongside this, we are making £3.1 million in additional priority investment to deliver this strategic aim. Our progress is directly linked to the commercial, financial sustainability and estates strategies agreed by our Board of Trustees.
Estates Strategy	Approved by the Board in 2014, this strategy sees us focus on improving the visitor experience, maintaining and improving collections storage facilities and providing suitable staff accommodation. This will be achieved through effective planning and management of resource. We are also seeking to release buildings where commercial and other opportunities arise	<p>§ We will improve our financial performance, build our resilience and strengthen IWM as a result</p>	<p><i>Key performance indicators in 2015–16:</i></p> <p>– Increase commercial net profit by 10% to £5.5 million (this figure excludes the touring exhibition and commercial sponsorship monies)</p>
Commercial Strategy	We will continue to systematically build net profit levels across a broad range of commercial activity. The new CRM system will be very significant in this work		<p>– Increase commercial net profit by 10% to £5.5 million (this figure excludes the touring exhibition and commercial sponsorship monies)</p>
Business modernisation	We will focus on our highest priorities to maximise the impact we achieve with our resource. We will place emphasis on improving quality standards and customer care across all of our activity		<p>– Reduce the proportion of our expenditure that is fixed costs to 67%</p>

Table 1: CP15 activity overview

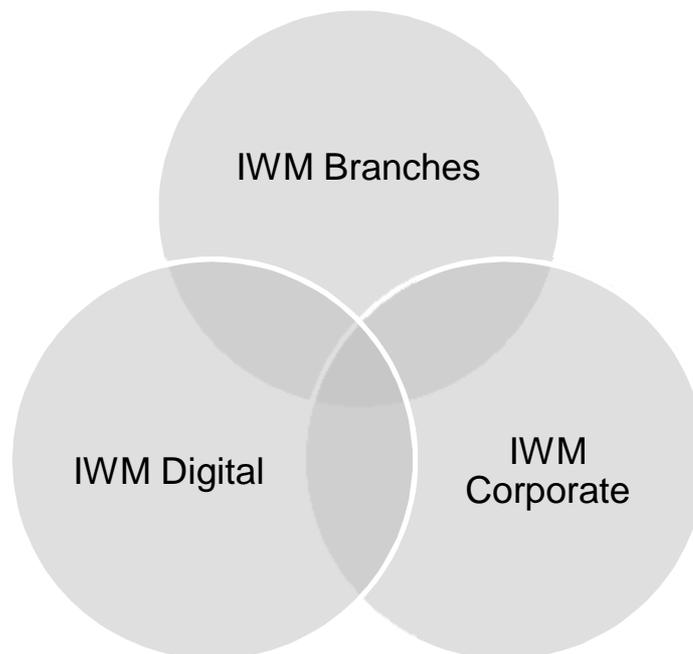
Priority project	Description	Impact and outcomes	Investment and success measures
Deliver effective stewardship of our collection			
Collections Management and Access Strategy	We will continue to care for our collection and prioritise the things we make accessible to the widest possible audience. This will include digitization activity to preserve and make accessible targeted parts of our collection (which exceeds 33.5 million assets that can be digitised)	<i>We will develop and care for our collection</i>	Having made major progress in reviewing our collections, we are now making £500K in additional priority investment to effectively manage the collection. Progress is directly linked to the contemporary collecting and partnership strategies agreed by our Board of Trustees.
IWM Duxford North Side collections storage project	We will continue to deliver this phased investment project to significantly upgrade these storage facilities. 2015–16 will be year four of a ten year investment plan through to 2022–23. Building infrastructure and plant is being upgraded on a prioritised basis	<p>§ We will ensure our collections and knowledge remain relevant and accessible for audiences now and for generations to come</p> <p>§ Every year we will work towards having fully accessible and accountable records and images of our collection so that we can maximise the value of these assets</p>	<p><i>Key performance indicators in 2015–16:</i></p> <ul style="list-style-type: none"> - Complete 99% of the inventory of the collections - Increase % of the collection with fully accountable location records to 7%
Contemporary Collecting Strategy (including War Story)	We will ensure that the collection remains dynamic and reflects the changing nature of warfare, developing it in a highly targeted way		<ul style="list-style-type: none"> - Increase % of collection digitized for preservation purposes to 42% and access purposes to 1%
Knowledge mapping and building expertise	As part of the change programme, we will build a clear map of where our staff expertise and skills lie. We will focus on building a stimulating and targeted research programme and build our reputation as a centre of knowledge		<ul style="list-style-type: none"> - Maintain the proportion of our collection stored in appropriate environmental conditions at 22%

6. Risks and opportunities

IWM has a huge estate comprising 114 buildings, many of which are at IWM Duxford. We also have a substantial legacy of underinvestment in our plant and infrastructure as we have continued to take a risk-based approach to investment with our limited funds. Whilst we have ambitious capital redevelopment projects (including planning the next phase of masterplan delivery at IWM London and completing the redevelopment of the American Air Museum at IWM Duxford), we must balance this with strategic investment in our estate and ICT systems.

Our change programme has set out to address outmoded ways of working. As such, the new staffing structure agreed following staff consultation will support IWM in working in a more flexible and responsive way. With strengthened leadership and a new governance model, much of our work across all IWM branches will be centralised to deliver a joined up, coherent and strategic approach. As well as avoiding duplication of effort at each branch, we have also clearly defined corporate functions that support all of our branches to operate effectively. This includes commercial activity, learning, marketing, communications, fundraising, facilities management, financial and HR services. We will review the new structure after six months (in September 2015) and make any necessary adjustments at this point.

The diagram below illustrates the relationship between the corporate centre and branch and digital functions.



We know that following a period of major and fundamental change, the first such exercise ever undertaken by IWM, we will need to allow for a period of transition. This Corporate Plan reflects the fact that we will focus on our highest priority activity, and some activity that has been less impactful in recent months and years will cease.

Strategic risk identified by IWM is exacerbated by uncertainty around government funding levels. Although our commercial activity is succeeding in building net profit levels, we must ensure IWM's financial sustainability by building our reserves and thus, our financial flexibility. Setting the plan in a wider economic context, although UK GDP forecasts at the time of writing indicate growth, there are signs that economic recovery is slowing. The risks around oil price fluctuations and instability in the Eurozone are significant and this is exerting downward pressure on all economic forecasting. RPI inflation forecasts are low in the short term. Building inflation is currently high at towards 10 per cent per annum and this is forecast to continue at significantly above RPI levels at 5 per cent into the medium term. This may have a negative impact on our masterplanning activity at both IWM London and IWM Duxford. However, there is no indication that a rise in interest rates will happen in the immediate future, so visitor spending power should not be adversely impacted.

In terms of stewardship of and access to our collection, the plan period will see a continued focus on dealing with our backlog on documentation and digitisation. We will continue to make progress in upgrading collections facilities at IWM Duxford's North Side so that more of our collections are held in the correct environmental conditions.

IWM has nine strategic risks. As well as funding and financial sustainability and the need to effectively manage our collections within limited resource, we also know that our audiences stagnating, for example if we are not perceived to be relevant, would have a major impact on our business. We cannot be certain that key anniversaries, relating both to the First and Second World Wars, will necessarily remain resonant with our audiences. As such, we will continue to use market research as a primary means by which to gauge our programming and inform our planning.

We also know that the change programme will continue to have a profound effect on our staff over the short term and is likely to impact on productivity and motivation. We continue to monitor the risk around a breach of laws, regulations, standards and security, again in the context of the change programme. Cyber risk has also been factored into our activity planning as the financial and reputational impact of this risk materialising would be significant. Alongside this, with a heightened security threat, we are aware of the potential for major business interruption through terrorism and continue to update and test our business continuity plan accordingly.

Regarding business opportunities, we have clearly defined target audiences for each branch and have developed our programming in line with these visitor segments. Key anniversaries, not least the centenary of the First World War, have been major audience development opportunities for us and alongside this, drive new income streams from retail through licensing and reproduction rights, PR opportunities, fundraising opportunities and partnerships.

Moving forward, we have defined strategic plans for effectively managing our estate; developing powerful and impactful partnerships; building our commercial activity; focusing our contemporary collecting activity; and presenting engaging public programmes. Sitting

across this, we have masterplans for IWM London and IWM Duxford which will determine how we further invest in the public offer at these branches whilst maintaining Churchill War Rooms, HMS *Belfast* and IWM North to the high standard our visitors expect. We also have some exciting projects in train, including the First World War international touring exhibition, which will see our content reach a wide constituent of people as well as bringing commercial benefit to IWM.

IWM will continue to play its role in building the UK's economic recovery. We are proud to welcome a third of our visitors from overseas. We know that our branches have a direct and positive impact on the local economy surrounding them. We will continue to build our brand and reputation as a nationally and internationally renowned museum and play our part in inspiring and showcasing the UK's creative industries.

Learning is at the core of what we do; we introduce new subjects, bring them to life and give them meaning. We measure the impact of what we do and are building on our role in helping individuals and communities to build a strong sense of identity, in particular, during the Centenary of the First World War. In December 2014, government announced £8 million in funding to support our learning programmes across IWM branches during the Centenary period to 2018. We are very grateful to the Rt Hon Andrew Lansley MP, the Rt Hon George Osborne MP and HM Treasury, for their support in securing these monies. This funding presents us with an opportunity to develop our programme and ensure that we continue to deliver educational impact for all learners.

Appendix 1

Financial Strategy

Overview

The change programme set out to re-engineer our finances by £4 million per annum. This has been achieved through a combination of reduced cost base (by £2.5 million, £2 million of which is salary savings and the remainder associated efficiency savings) and an increased net contribution of £1.5 million from revenue-generating activity. This means that we are able to invest to the right level in the highest priorities for IWM over the coming months, whilst operating with appropriate contingency funds and some scope to replenish our financial reserves. We are investing £9.6 million in our highest priorities in year one of the plan; £21.8 million over the three year period. This strategic investment will ensure that we deliver the aims set out in the strategies approved by our Board of Trustees. Much of this priority investment will support us in generating extra income. The priority investment figures are shown by each of our three strategic aims in table 2 below.

Table 2: Corporate Plan 2015–18 corporate priority funding (expenditure only)¹

Figures shown £000s	2015–16	2016–17	2017–18	Total	% ²
Prioritise our audiences					
Digital strategy including website development	175	125	125	425	2
<i>Transforming IWM London</i> (phase one)	200	-	-	200	1
<i>Transforming IWM London</i> (phase two) ³	500	1,000	1,000	2,500	11
IWM Duxford masterplan delivery	550	500	1,000	2,050	9
American Air Museum redevelopment	2,116	148	-	2,264	10
IWM North temporary exhibitions	393	395	395	1,183	5
IWM London temporary exhibitions	878	819	801	2,498	11
Churchill War Room exhibitions	300	50	100	450	2
HMS <i>Belfast</i> exhibitions	55	50	50	155	1
Battle of the Somme film project	750	250	-	1,000	5
Subtotal	5,917	3,337	3,471	12,725	

¹ The figures in this table show expenditure only as opposed to a net position once income generated is factored in.

² % figures indicate proportion of total priority funding spend.

³ This redevelopment phase includes the creation of new Second World War galleries, an expanded Holocaust Exhibition and a new accessible entrance for IWM London.

Table 2: Corporate Plan 2015–18 corporate priority funding (expenditure only)¹

Figures shown £000s	2015–16	2016–17	2017–18	Total	% ²
Increase our financial sustainability					
Commercial strategy investment (inc CRM system and retail upgrades)	863	621	322	1,806	8
Property services investment (including lifecycle priorities)	1,851	1,717	1,298	4,866	22
IWM Duxford security	140	-	-	140	1
ICT and infrastructure	274	250	150	674	3
Subtotal	3,128	2,588	1,770	7,486	
Deliver effective stewardship of our collection					
Collections management	548	895	117	1,560	7
Subtotal	548	895	117	1,560	
Total	9,593	6,820	5,358	21,771	

Income and expenditure

Our overall income and expenditure projections, shown in table 3 below, reflect the position in terms of reduced staff costs, reduced government funding but increased commercial return over the three years of the plan period. Figures for 2009–10 are provided for context, illustrating the growth in commercial income we are forecasting in 2015–16 of 24%⁴ against performance six years ago, offset against the reduction in grant-in-aid of a third in real terms over the same period. To note, admissions income over this period has increased by 41%⁵ as we have built audience numbers to our charging, as well as non-charging, branches.

Our self-generated income levels will build over the plan period in line with our Commercial Strategy. Fundraising figures fluctuate, reflecting the progression of our capital campaigns. However, we will continue to focus on building unrestricted funds (see the fundraising section on page 15 below) alongside launching major project-related fundraising strategies.

In 2015–16, the impact of the First World War international touring exhibition bolsters our self-generated income considerably over the three year period of its operation. The net contribution from the exhibition is not certain and given its finite run, it will not have a lasting impact on IWM finances.

Operational expenditure reduces year on year over the plan period. A primary objective of the change programme was to reduce fixed costs. We are financing the structural shift in staffing levels by use of DCMS loan funds. These funds are paid back from 2017–18 over a three year period. The full financial impact of the change programme will therefore be realised once the loan is paid back in full (from 2020–21).

⁴ Note, this calculation applies GDP deflator

⁵ Note, this calculation applies GDP deflator

Table 3: Corporate Plan 2015–18 financial overview

Figures shown £000s	2009–10	2015–16	2016–17	2017–18
Income				
Admissions	5,236	8,279	8,831	9,257
Fundraising	706	3,797	2,374	1,934
Commercial	10,351	14,417	14,430	14,858
Other ⁶	749	1,058	1,025	1,008
DCMS loan finance	-	2,250	-	-
Grant-in-aid	24,163	19,808	18,818	17,877
Total	41,205	49,609	45,478	44,934
Expenditure				
Operational budgets	21,513	30,070	27,089	25,676
Salaries	19,402	16,761	16,456	16,510
Early exit costs	-	1,750	-	-
DCMS loan repayment	-	-	886	1,721
Operational contingency	290	500	500	500
Capital contingency	-	500	500	500
Total	41,205	49,581	45,431	44,907

Contingency

In light of the strategic risks facing IWM, we have made contingency provision in CP15. £500K is set aside for operational contingency with an additional £500K for capital contingency. This is to reflect the following:

- § The impact of the change programme, where major structural change will undoubtedly directly impact on our operation over the short term, as staff leave from April 2015 and those remaining adjust to new teams and ways of working
- § The high risk of estate or infrastructure failure. Our reserves have been depleted following the *Transforming IWM London* project so we need to build some financial flexibility into our operating plan in the short term
- § Our Board of Trustees approved a Financial Sustainability Strategy at their meeting in March 2014 and the need to build IWM's financial resilience was identified as a high priority. As such, any surplus will be moved into reserves at the earliest opportunity
- § The economic forecast is challenging and we are cognisant of the risk of short term market variations. Although our commercial plans are realistic and robust, it is prudent to set a higher level of contingency funding aside

We will also continue the successful regime of expenditure controls and cash flow management. Budget forecasts are subject to detailed review on a quarterly basis. Budget holders have real-time access to their budgets and are required to complete a formal review on a monthly basis.

⁶ This figure includes income through hosting NMDC and 14-18 Now at IWM for a finite period

A third of the annual budget amount is withheld until the actual results of the first six months of activity are known. In addition, projects that are to be funded from externally raised income will not be started until such funding is secure. These mechanisms have worked effectively in allowing us to adapt and respond within financial years without significant disruption.

Commercial activity

IWM has a broad commercial income base including retail, public catering, corporate hospitality and events, admissions (for special exhibitions, programmes and events), publishing and collections sales and licensing. Since launching our Commercial Strategy in 2013, we have been building our net profit levels incrementally. In 2015–16 we will generate a net profit of £5.5 million through commercial activity and £8.3 million in admissions income. This represents an increase of 24 per cent and 41 per cent respectively since 2009–10.

IWM's Commercial Strategy is focused on building customer loyalty. We will achieve this by having a greater understanding of what motivates our customers and by improving our customer experience. Our CRM project will form the cornerstone of this work. Over the next three years a rationalisation of commercial functions will ensure that we remain focused on building profit, that we operate a flexible and responsive commercial operation and that we build our digital sales capability.

Table 4: Corporate Plan 2015–18 commercial income

Figures shown £000s	2015–16	2016–17	2017–18
Exhibitions and programmes ⁷	1,354	754	754
Retail	5,010	5,260	5,524
Catering (café)	721	757	795
Corporate events	2,055	2,293	2,396
Air shows	1,806	1,832	1,923
Publishing	620	651	683
Image sales	489	513	539
HMS <i>Belfast</i> Kip on a Ship	230	242	254
Fees (including tours and commercial filming)	1,335	1,393	1,455
Collections (including royalties)	767	735	535
Other	30	-	-
Total income	14,417	14,430	14,858

⁷ The fluctuation in income is as a result of variable touring exhibition ticket receipts over the 3 years of its run.

Fundraising

We are committed to building philanthropic giving so that together with our supporters, we can deliver our vision and mission. We have ambitious plans for the development of IWM London and IWM Duxford. We will work across our branches to deliver a compelling case for support.

Alongside this capital project-led fundraising approach, we will give renewed focus to building unrestricted funding, in particular by strengthening our messaging about what we do, how we are financed and why we rely on external support and the generosity of our donors big and small to achieve great things. We will look at developing corporate sponsorship, our patron scheme and funds generating through donations boxes and other means (including online). We will increasingly have a corporate, IWM-wide approach to fundraising. Over the course of CP15, we aim to generate at least £8 million in restricted and unrestricted funds.

Sensitivity analysis

In performing a sensitivity analysis, we have calculated that any further cuts to grant-in-aid will rapidly eliminate the financial headroom created by the change programme. A further cut of -1 per cent (on top of the -5 per cent already factored into our planning) will mean that the financial shift achieved through the change programme, where fixed costs have reduced by £2.5 million, will have been eliminated by 2020. If the cut to grant-in-aid is -2 per cent more, this capacity will be exhausted by 2019. An additional -5 per cent cut means that the financial flexibility we have been able to build into CP15 will be removed in year two, that is 2016–17.

Regarding self-generated income, we have a wide portfolio of income generation activity. Given the increased profile of IWM this can be considered to be robust. The implementation of a Customer Relationship Management system will bolster this and help reduce costs further. Our catering contracts carry minimum guarantees and insurance protects us against the risk of serious business interruption.

Audience numbers need to decline by 20 per cent at our charging branches to eliminate the £1.5 million in additional net income we have built into the plan to build our financial resilience. However, our programming, press and marketing activity, as well as the continued quality of our product and high levels of visitor satisfaction, mitigate this risk.

Annual utility costs would need to increase by 30 per cent to eliminate the £500K operational contingency budget we have set aside across each year of CP15. In light of geopolitical instability, there may continue to be fluctuations in oil prices (although at the time of writing they are at a significant low), so we will continue to monitor utility costs carefully.

Construction inflation is rising. If rates reach 10 per cent or higher, this will impact on our ambitious masterplanning across the IWM estate. At IWM London, we are preparing for the delivery of phase two of our masterplan to create new Second World War galleries, upgraded Holocaust galleries and a new accessible entrance. In the event of one or more of the factors above materialising and precipitating a major financial shift, we would look to use contingency funds or rephase the major projects that are in train. Longer term, we are seeking to substantially build our reserves and increase our financial resilience.

Appendix 2

CP15 Activity Plan

Introduction

The change programme will bring major cultural change to IWM. We will work in cross-disciplinary teams and increasingly, work with external partners to deliver our strategic aims. We will also build on the successful relationship we enjoy with our outsourced visitor services and security provider. We will remain focused on the very highest priority activity. Our people are essential to this delivery. Every member of staff and every volunteer contributes to the success of IWM. These teams bring a rich mix of skills and passion for their subject knowledge and professional expertise.

This information presented below will link to the forward job plans of our staff across IWM. The change programme means that we will be working in new and different ways. It will impact on every member of the IWM team.

Aim 1: Prioritise our audiences

We will create excellent, inspiring and relevant visitor experiences.

As a result, people have a deeper understanding of the causes, course and consequences of war and its impact on all of our lives. We provide excellent customer service across all of our activity.

The change programme means that we will place greater emphasis on our audiences. We will use the skills and understanding developed during the project to transform IWM London to ensure the success of our future major projects. We will also be focusing on improving customer service and the visitor experience across everything we do.

1.1 Public programme across all channels

- 1.1.1 Conduct our own audience and external market research so that we understand our visitors and potential visitors and ensure that we remain relevant, competitive and compelling;
- 1.1.2 Create targeted and responsive product across multiple channels including exhibitions, digital content and programmes that draw on our research and expertise and meet the needs of audiences that we have identified locally, nationally and internationally;
- 1.1.3 Build relationships with audiences, engaging them in our mission and securing their commitment to the work of IWM and its future. Ensure our public offer is attractive to key influencers, building partnerships, especially amongst the Commonwealth community, with the aim of achieving greater reach and impact;
- 1.1.4 Continue to lead and support the Centenary Partnership Programme through to 2018 and build its legacy thereafter;

1.1.5 Evaluate our activity to ensure that we are achieving our identified audience outcomes.

1.2 Improved customer service standards across all branches

1.2.1 Deliver excellent visitor service in all areas of our activity;

1.2.2 Ensure that our exhibitions, services and visitor spaces are consistently presented to the very highest standards;

1.2.3 Evaluate our practice to ensure that we understand and are meeting the expectations of our visitors;

1.2.4 Use this information to develop and deliver a programme of ongoing customer service evaluation and improvement;

1.2.5 Implement a centralised bookings and customer service centre.

1.3 Digital development

1.3.1 Implement a Digital Strategy responding to user needs, promoting IWM's profile and supporting income growth;

1.3.2 Support an increasingly digital culture at IWM so that we modernise the ways in which we work and are digital by default in the way that we deliver services and activity. Continue to build and maintain a robust infrastructure in order to support this;

1.3.3 Use evaluation to ensure that we are audience-led in the digital products and services that we create;

1.3.4 Continue to evolve and extend our digital platforms including our website, presence on social media channels and activity delivered in partnership with others. We will sustain Lives of the First World War, an innovative digital archive, for the duration of the Centenary period and beyond;

1.3.5 Build our commercial digital activity and ensure that our online channels are efficient and effective;

1.3.6 Continue to innovate in terms of digital learning, including digital social interpretation models and the integration of publicly generated content.

1.4 IWM Duxford masterplan

1.4.1 Agree updated role and remit for IWM Duxford including interpretative and narrative approach;

1.4.2 Update IWM Duxford masterplan and agree phasing for delivering change;

1.4.3 Confirm scope, programme and cost for phase one, agree business case with stakeholders, develop outline project plan, procurement strategy and fundraising brochure and campaign;

- 1.4.4 Commence phase one masterplan delivery in time to mark the centenary of the branch in 2018;
- 1.4.5 Phase one milestones will include the completion and launch of the redeveloped American Air Museum (2016) and a new visitor centre (2017);
- 1.4.6 Progress commercial partnership opportunities at IWM Duxford including a hotel development in line with refreshed corporate hospitality and catering offer.

1.5 Transforming IWM London phase two

- 1.5.1 Complete evaluation of phase one. This will be shared internally and externally and will be built into the development of phase two. Phase two is envisaged as covering a new entrance, new Second World War content and related galleries;
- 1.5.2 Confirm scope, programme and cost for phase two, agree business case with stakeholders, develop outline project plan, procurement strategy and fundraising brochure and campaign;
- 1.5.3 Align activity across IWM to support phase two content development. This focus will include supporting the development of relevant commercial opportunities;
- 1.5.4 Deliver a future-proofed phase two project with content, commercial products and partnerships ready in time to benefit from completion and launch;
- 1.5.5 Evaluate phase two, review and update IWM London Masterplan.

1.6 American Air Museum at IWM Duxford

- 1.6.1 Maintain and continue to develop the American Air Museum website through building a network of 'virtual volunteers' to participate in capturing community and personal heritage;
- 1.6.2 Deliver new permanent displays inside the American Air Museum with material that is people-focussed, contextual and contemporary, illustrating the central narrative of twentieth and twenty-first century world affairs;
- 1.6.3 Complete limited building works to deliver energy efficiency improvements;
- 1.6.4 Remove the glass wall of the building in order to remove aircraft from building. Carry out inspection to suspended aircraft and conservation works where necessary, ensuring our collection is kept in good condition for future generations;
- 1.6.5 Continue summer residency learning programme;
- 1.6.6 Prepare for reopening (January 2016) and formal opening (16 March 2016).

1.7 Centenary Partnership Programme

- 1.7.1 Continue to support the Centenary Partnership Programme

- 1.7.2 Build on the incredible success of the Programme, developing a stakeholder strategy using clear and transparent messaging so that we create and sustain a network of influencers and supporters

Aim 2: Increase our financial sustainability

We will secure our long term financial viability and create a flexible, entrepreneurial and dynamic working culture.

As a result, we will build our income and financial flexibility so that we can invest in our offer. We will improve our financial performance, build our resilience and strengthen IWM.

The structural element of the change programme means that we have reduced our fixed costs. However, we must now ensure that cultural change and new ways of working are embedded in the teams remaining.

2.1 Change programme

- 2.1.1 Strengthen our organisation by focusing on the highest priorities, increasing net profit, controlling costs and effectively managing risks;
- 2.1.2 Build an organisational culture that is more flexible, creative and entrepreneurial, reflecting our brand values to be courageous, authoritative, relevant and empathetic. Part of this change in culture will mean that silo working is broken down and as a corollary, respect for professional skills is increased;
- 2.1.3 We will focus on building new ways of working using the benefits of CRM technology to gain efficiencies and greater effectiveness;
- 2.1.4 Increase the breadth of skills, experience and knowledge that supports our work, for example, by developing a clear reward and recognition scheme for our staff and by encouraging more volunteers and apprentices to join us and support our work;
- 2.1.5 Strengthen leadership and communication across all levels of our organisation;
- 2.1.5 Continue our programme of knowledge mapping and succession planning to ensure that the knowledge and expertise of our staff is captured.

2.2 Customer Relationship Management (CRM)

- 2.2.1 Procure a CRM system and implement it over an extended period with the express intention of iterating the system as we roll it out across our business;
- 2.2.2 Build a greater understanding of our customers so that we can provide excellent service and improve our commercial performance;
- 2.2.3 Create targeted product and marketing activity for our customers and visitors;
- 2.2.4 Increase our business efficiency and effectiveness with greater staff productivity and more informed, evidence-based decision making.

2.3 Estates Strategy

- 2.3.1 Prioritise and improve the visitor experience through the effective management of our properties across all branches;
- 2.3.2 Safeguard and improve the physical conditions of our collections and estate through a proportionate, sustainable and risk-based capital investment approach;
- 2.3.3 Deliver an accommodation strategy that ensures spaces for visitors, staff and tenants are maintained to an appropriate standard;
- 2.3.4 Manage collections storage so that it is safe, secure, efficient and maintained to appropriate environmental conditions;
- 2.3.5 Investigate and implement opportunities for shared services;
- 2.3.6 Maximise the value of our built assets.

2.4 Commercial Strategy

- 2.4.1 Continue to prioritise the incremental and systematic development of commercial revenue streams and our levels of net profit;
- 2.4.2 Support the delivery of our Commercial Strategy and maximise the value of our assets through a responsive and agile digitisation programme;
- 2.4.3 Create a working environment where entrepreneurialism is supported and encouraged;
- 2.4.4 Deliver an ambitious long term fundraising plan to support activity across our branches.

2.5 Business modernisation

- 2.5.1 Focus on our highest priorities and streamline the way in which we deliver activity;
- 2.5.2 Plan robustly and support our teams to work in more project-based and cross departmental ways in order to achieve our strategic priorities;
- 2.5.3 Review our processes and procedures and reduce bureaucracy, in particular, as we become increasingly digital by default;
- 2.5.4 Embed partnerships that deliver real impact and seek to increase the reach of underdeveloped areas of our business through targeted development of partnerships;
- 2.5.5 Work with stakeholders and key influencers across our business to build our brand and profile;
- 2.5.6 Review recruitment, selection and induction of new staff with a view to broadening the profile and diversity of our teams;
- 2.5.7 Focus on quality standards in terms of both external and internal customers.

Aim 3: Effective stewardship of our collection

We will develop and care for our collection.

As a result, we will ensure our collections and knowledge remain relevant and accessible for audiences now and for generations to come.

The change programme ensures that we have the resource to care for, preserve and display our rich and powerful collections. We will focus on making this collection, together with the ideas, knowledge and expertise we hold, available to users from all over the UK and beyond, be that through physical visits to exhibitions and events or via outreach and digital programmes.

3.1 Collections management, digitisation and access strategy

- 3.1.1 Continue to address the backlog in collections documentation, progress digitisation activity and invest in conservation programmes;
- 3.1.2 Produce a clear collections development strategy and plan, including ongoing collections review activity to rationalise material held as appropriate;
- 3.1.3 Work towards the exit from our nitrate film store at Ickleton, with an appropriate partner to create cost savings and efficiency.

3.2 IWM Duxford North Side Collections Storage Project

- 3.2.1 Continue the delivery of our phased investment programme to transform the collections storage facilities at IWM Duxford (North Side);
- 3.2.3 Increase the proportion of collections stored in the correct environmental conditions.

3.3 Contemporary Collecting Strategy

- 3.3.1 Ensure that the collection remains dynamic and reflects the changing nature of warfare;
- 3.3.2 Continue to develop the collection in targeted ways that are relevant to our audiences and support our programming ambitions;
- 3.3.3 Develop and build on relationships with potential collecting partners and donors of new material;
- 3.3.4 Seek external funding to support our strategic collecting ambition.

3.4 Knowledge mapping and building expertise

- 3.3.1 Advance and share knowledge of our collections and subjects;
- 3.3.2 Provide intellectual leadership on our subject matter so we remain relevant and engaging;
- 3.3.3 Pursue a stimulating and targeted research programme building our reputation as a centre of knowledge;

3.3.4 Foster staff skills and expertise, and interact with national and international research communities;

Appendix 3 – Key performance indicators

We will use these measures to monitor our progress. The table below shows our direction of travel over the next five years.

Table 5: Summary of our KPIs	2015–16	2016–17	2017–18	2018–19	2019–20
Prioritise our audiences					
Visitor numbers	2.6 million	2.75 million	2.9 million	3.0 million	3.2 million
Web visits	6.0 million	6.4 million	6.8 million	7.4 million	8 million
% visitors who will definitely recommend a visit to others	99%	99%	99%	99%	99%
Increase our financial sustainability					
% of our expenditure as fixed costs	67%	65%	63%	61%	60%
Commercial net profit	£5.5 million	£5.8 million	£6.2 million	£6.6 million	£7 million
Unrestricted fundraising income	£0.5 million	£0.7 million	£0.9 million	£1.3 million	£1.5 million
Deliver effective stewardship of our collection					
Complete inventory of the collections	99%	100%	-	-	-
Increase % of collection with accountable location records	7%	11%	13%	14%	17%
% of collection content digitised for preservation purposes (where material is sensitive and or at risk of degrading) ⁸	42%	42%	43%	43%	44%
% of the collection digitised for access purposes (for learning, research, exhibitions and programming) ⁹	1.0%	1.1%	1.3%	1.5%	1.7%
% collection stored in appropriate environmental conditions ¹⁰	22%	22%	22%	45%	46%

⁸ The baseline for this figure is 59,500 – this number represents the volume of material IWM has committed to preserving in digital form

⁹ The baseline for this figure is 31.5million – the number of items in the IWM collection that could be represented by a digital asset

¹⁰ These figures are profiled against work to upgrade our collections storage IWM Duxford North Side. In 2017 and 2018 we will be undertaking a two-year programme to upgrade Building 6 – completion in 2018–19 is reflected in the significant increase in improved environmental conditions in this year