



House of Commons
Culture, Media and Sport
Committee

Caring for our collections

Sixth Report of Session 2006–07

Volume I



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collections**

Sixth Report of Session 2006–07

Report, together with formal minutes

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The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Culture, Media and Sport and its associated public bodies.

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Summary

England is a cultural treasure house, possessing a magnificent range of collections of works of art, artefacts and archives, in thousands of museums, galleries and other cultural institutions. People of all ages visit them, for enjoyment and the educational experience. In 2004-05, the number of visitors to museums and galleries exceeded the number of attendances at the Premiership and the rest of league football put together. With the digital revolution, access to the collections is rapidly increasing, creating new ways for even more people to enjoy and benefit from them.

The nation's collections are a legacy from the past and they are, rightly, a source of national pride. This, it must not be forgotten, carries with it a duty to preserve that inheritance, for the benefit of future generations. Not only, therefore, should existing collections be well cared for; they should also be developed, so that they continue to be dynamic and relevant. Development usually requires adding to, and may sometimes mean rationalising, an existing collection so that, for example, attempts should be made to find new homes for individual items which no longer fulfil a need in the collection, if indeed they ever did. On occasion, the sale of an object may even be justified, but it is not acceptable in general to treat collections as assets which can be sold simply to raise money.

Lottery funding has been responsible for enormous change in cultural institutions across the UK. The Heritage Lottery Fund has been the salvation for many of the historic buildings in which some of the collections are housed, and it has begun to reverse the legacy of decades of under-investment in the nation's heritage infrastructure. New grants and tax changes have enabled some museums to dispense with entry charges, while the first phase of the programme *Renaissance in the Regions*, funded by central government, has transformed many of the regional museums, some of which had been in a state of near-collapse at the turn of the present century. The results of recent investment have been impressive, but this is not a time for complacency. The revival has not yet reached all the nation's museums and cultural institutions, some of which are still struggling to survive, and the permanence of the revival is by no means guaranteed. Without sustained and well-directed investment, there is a serious risk that much of what has been achieved during the first years of this century will disappear, possibly leaving some institutions in a worse state than they were before, and throwing away the benefit from the investment already made. Funding for the *Renaissance in the Regions* programme should, at the very least, be sustained in the next Spending Review, to enable museums to fulfil the promise and build on the achievements of the first phase. Performance indicators can affect how local authorities allocate their resources and drive up standards of the services they offer. Some aspects of the performance of local authority museum services are included in current indicators but further measures, with a clear focus on the quality of service provided by museums and archive services, should be developed to encourage local authorities to provide better support for them.

Another area of major concern is that a decline in the collecting power of our institutions may result in the collections becoming static, lacking the dynamism which is essential for continued inspiration. This is not merely about an inability to keep up with the rapidly rising costs of acquiring the greatest works of art. Many museums have no acquisitions

budget at all, so that they are unable to make any proactive addition to their collections and must rely on donations if there is to be any growth and development at all. This is another decline which must be reversed and if funding cannot be found to fill the need, then philanthropy must be more actively encouraged. Tax incentives are an obvious means of cultivating a culture of giving, and there is a need for them to be more fully developed, extended and used, to tap sources of both old and new private wealth. A great deal of work has already been done in this area, by Sir Nicholas Goodison, among others, and a reasoned response to the recommendations which have been made to the Government is long overdue.

New bonds, partnerships and common aims have been developing within and reaching out from the museums, galleries and archives sector, raising the sector's profile and strengthening the whole sector, as well as its component sub-sectors. A foundation has been laid, but it is, as yet, uneven and much remains to be done. The film archive sub-sector is one area where core funding shortfalls have left some regional archives in danger of imminent closure, although modest funding could, and should, be provided to safeguard them while the finishing touches are put to a strategy designed to provide a basis for a sustainable future.

The lead-up to the 2012 Olympic and Paralympic Games provides an occasion, and gives added impetus, for the best of the nation's cultural heritage to be showcased to the world. It is essential that the unique nature of this opportunity should be recognised and exploited to the full. But the sector also faces competition from the Games, the cost of which will be drawn in part from the same pool of resources—lottery funding in particular. Every possible effort must be made to ensure that the demands of the Games do not make it impossible for the sector to seize this unique showcasing opportunity.

The display of the Elgin Marbles at the British Museum continues to play an important part in the Museum's exhibition of the cultural achievements of humanity, although there has clearly been a long-running debate as to whether they should be returned to Greece. We recognise the strength of feeling both for and against returning the Elgin Marbles. However, we note that it is not proposed to restore the Parthenon to its original glory, bringing together all the fragmented parts, wherever they might now be. We also recognise the argument of the British Museum that the display of the Marbles in the Museum adds to the understanding of the influence and spread of culture between civilisations, and we note that the decision as to whether the originals should be returned remains one for the Trustees of the British Museum.

There is a general need for acknowledgment of, and support for, the ever-increasing contribution which the whole sector can make to the educational, social and economic welfare of the nation. Its value deserves better recognition across Government. The rich legacy from the past is held by us on trust for future generations. It must be nurtured, not lost.

1 Introduction

1. In 2005 the Committee decided that the time was ripe for an inquiry to raise the profile of heritage and to increase awareness of its wider values to communities. This decision was triggered by growing consternation throughout the heritage sector, which stemmed in part from a lack of confidence in the standing of heritage within Government priorities and uncertainty over the amount which would be available from the Lottery for heritage following the successful London bid to host the 2012 Olympic Games and Paralympic Games.

2. Heritage is capable of wide interpretation, to include collections of cultural objects as well as built heritage and archaeology. The call for evidence for the inquiry elicited such a tremendous response that the Committee decided to address issues relating to built heritage and archaeology first, and then follow up with a new inquiry focusing on museums and galleries, cultural property and archives. We published our report on built heritage, *Protecting and Preserving our Heritage*, in July 2006.¹ This Report presents our findings from the follow up inquiry.

The course of the inquiry

3. We announced the current inquiry on 25 July 2006, inviting evidence on the following issues in particular:

- Funding, with particular reference to the adequacy of the budget for museums, galleries and archives, and the impact of the London 2012 Olympics on Lottery funding for their sector;
- Acquisition and disposal policies with particular reference to due diligence obligations on acquisition and legal restrictions on disposal of objects; and
- The remit and effectiveness of DCMS, the Museums, Libraries and Archives Council and other relevant organisations in representing cultural interests inside and outside Government.

4. Much of the evidence submitted to the earlier inquiry related to museums and archives and their collections, and we have drawn on that evidence as well as on the evidence submitted specifically for this inquiry. There was a magnificent response to our second call for evidence, with well over a hundred new memoranda, many of which came from organisations and individuals who had not submitted evidence to the earlier inquiry. We are, as always, grateful to those who made submissions.

5. We held five public sessions, with oral evidence from directors of national and regional museums, galleries and archives, the Museums Association (which represents museums and galleries in the whole of the UK), the National Council on Archives (which represents UK bodies and organisations concerned with archives), the Heritage Lottery Fund, the Art Fund, the Museums, Libraries and Archives Council (which is the lead strategic agency for

¹ *Protecting and Preserving our Heritage*, Third Report of Session 2005–06 HC 912–I

museums, libraries and archives)² and the two Government departments most closely involved with museums and archives – the Department for Culture, Media and Sport and the then Department for Constitutional Affairs. We devoted part sessions to film archives, to databases of works of art and cultural objects, and to schemes designed to promote new acquisitions by museums, galleries and archives.

6. We undertook three visits in connection with the inquiry. We went to the British Museum to see the Elgin Marbles in the Duveen Gallery (which was built for them in the 1930s) and to Athens, where we visited the museums at the Acropolis as well as holding meetings to discuss the funding and support for museums in Greece, and the preparations which had been made to showcase them at the 2004 Olympic Games. Our third visit, to the North-East of England and to Glasgow, showed how museums in what had been seen as a badly run-down sector can be revitalised by relatively modest funding and new approaches to the use and storage of collections. We gained a great deal from all our visits and wish to record our thanks to our hosts.

7. We also had the assistance of a Specialist Adviser, Mr David Sekers, who is a trustee of Heritage Link with experience of heritage and museum management. We are most grateful to him for his contributions.

8. In this report we have drawn extensively on two particular publications. These are the 2004 *Goodison Review: Securing the Best for our Museums: Private Giving and Government Support* (“the Goodison Review”), a review of the effectiveness and efficiency of support to regional and national museums and galleries to help them acquire works of art and culture of distinction, led by Sir Nicholas Goodison in response to a request by the Chief Secretary; and *Museums and Galleries in Britain: Economic, Social and Creative Impacts*, by Tony Travers of the London School of Economics (“the Travers Report” 2006), a report commissioned jointly by the National Museum Directors’ Conference (NMDC) and the Museums, Libraries and Archives Council (MLA).

Structure of the report

9. The whole of the museums, galleries and archives sector sees its biggest problem as being shortage of resources, but the causes and consequences of this vary considerably, as do the structures of the sub-sectors—the museums and galleries sub-sector, the archives services sub-sector and—within that—film archives. We therefore examine their structures and particular concerns separately, before considering the remit and effectiveness of the organisations responsible for representing them inside and outside Government.

2 The museums and galleries sector

10. Although some commercial enterprises offering displays to the public for profit can be described as museums, most people think of museums as institutions which “collect, safeguard and make accessible artefacts and specimens” which they hold in trust for society.³ The concept includes art galleries with collections of works of art as well as

2 The structure and role of the Museums, Libraries and Archives Council are outlined at paras 218–220

3 See the definition adopted by the Museums Association at <http://www.museumsassociation.org/faq&search=2.2>

museums with historical collections of objects. When we refer to “museums” in this Report, we therefore include galleries.

11. England has more than two thousand museums, ranging from great national galleries and museums which hold world-famous collections and receive their core funding from the government, to small volunteer-run charitable trust museums.⁴ As a handful of our museums were established by Act of Parliament, while others have sprung up all over the country as the result of local enthusiasm and individual vision—and they all rely for survival on an assortment of funding streams—it is no surprise that the structures for museums and galleries in England are somewhat piecemeal and do not divide neatly into self-contained categories.

12. DCMS defines as “nationals” the fourteen museums which were founded by Act of Parliament:⁵ these include the British Museum, the National Gallery and the Victoria and Albert Museum (all of which are also “national” in the sense that they are museums for the whole of the United Kingdom), the National Museums Liverpool (which is the only national collection based wholly outside London) and also the Museum of London, which has been sponsored by DCMS whose responsibility is to be devolved to the Greater London Authority.⁶ Several of the national museums have divided their collections between venues in London and one or more permanent bases in other parts of the country. The Tate, for example, now has permanent galleries in Liverpool and St Ives, as well as Tate Britain and Tate Modern in London.

13. Publicly funded regional museums also include numerous museums run by local authorities and by universities. There are nearly 700 local authority museums, some of which are major regional services. Many of these house collections and artefacts which are primarily of regional or local interest,⁷ although they may also have items of national and international importance. In addition, many will also have significant collections relating to our industrial and social heritage. Around a hundred of the university museums are also regularly accessible to the public. Many of the university museums are of international significance; some are regarded as the principal museums in their respective regions and a few of them hold a position comparable to that of national museums.⁸ In addition there are more than 800 independent museums which are managed outside central or local government, although some receive annual grants from their local authorities.⁹

14. More than 60 of England’s non-national museums have collections which have been designated as being pre-eminent collections of national and international importance under the Designation Scheme.¹⁰ This scheme was launched in 1997 for museum collections only and was extended to libraries and archive collections in 2005. It now

4 Museums Association Ev 1, DCMS Ev 231

5 http://www.culture.gov.uk/what_we_do/Museums_galleries/sponsored_mg.htm

6 DCMS Press notice 139/06

7 DCMS Ev 232

8 DCMS Ev 231, University of Oxford Ev 155, University Museums Group Ev 158, <http://www.umg.org.uk/pages/intro.html>

9 DCMS Ev 232

10 MLA Ev 218, DCMS Ev 231

covers 121 pre-eminent collections, some of which comprise the entire collection of an institution while others are part only of the particular institution's holdings. Designation brings a number of benefits, including enhanced ability to raise funds to support the collection, in particular the eligibility for grants from the Designation Challenge Fund through which £24 million has been awarded since 1999.¹¹ The scheme is administered by the Museums, Libraries and Archives Council (MLA).

15. About three quarters of the museums in England have achieved accreditation under the Museum Accreditation Scheme, also administered by the MLA, which builds on the Museums Registration Scheme introduced in 1988.¹² The scheme provides a nationally agreed minimum benchmark against which museums may be assessed. To qualify, museums must meet basic requirements on how they care for and document their collections, how they are governed and managed, and on the information and services they offer to their users.¹³ It takes into account parts of the Museums Association Code of Ethics relating to the acquisition and disposal of objects within museum collections, including obligations on museums to acquire items honestly and responsibly, to safeguard the long term public interest in the collections and to recognise the interests of people who made, used, owned, collected or gave the items which are now in the collections.¹⁴ Museum accreditation has recently been adopted as a performance indicator for local authorities for the purposes of Comprehensive Performance Assessment.¹⁵

16. The diversity of the sector is reflected in its range of membership organisations, many of which submitted evidence to this inquiry. These include:

- the Museums Association, which has over 5000 individual members and 600 institutional members encompassing around 1,500 UK museums;
- the National Museum Directors Conference, which represents the leaders of the UK's national museums and galleries;
- the MDA (formerly the Museum Documentation Association), whose members are drawn from the museums and other sectors;
- the Association of Independent Museums (AIM) whose members represent over half the UK's museums;
- the University Museums Group whose members include museums and individuals;
- the Groups for large (GLLAM) and small (GoSLAM) local authority museums; and
- the Visual Arts and Galleries Association (VAGA) whose membership comprises organisations and individuals concerned with modern and contemporary visual art.

11 MLA Ev 218

12 MLA Ev 217

13 MLA Ev 217

14 Tyne & Wear Museums Ev 115

15 MLA Ev 217

Funding

17. Museums cost money to run, but they also generate significant economic, as well as social and educational, benefits for the nation. The annual turnover of the whole sector—including all museums and galleries, from the largest national institutions to the smallest local ones—has been estimated as being in excess of £900 million, and its full economic impact has been estimated at more than £2 billion per annum.¹⁶ The funding landscape for museums, galleries, archives and libraries is extremely complex,¹⁷ with public sector funding being distributed in a number of ways, to provide project funding across the whole sector as well as core funding for national, local authority and university museums. Self-generated income, including private and voluntary sector funding, represents a substantial contribution to the overall resources of most museums, while many independent museums rely entirely on self-generated income from paying visitors coming through the door. According to much of the evidence we received, the funding landscape is also regarded as depressingly bleak, despite some very welcome new funding which has come on-stream in the recent past. After a history of long term under-funding, from which the sector has not yet fully recovered, it now sees a worrying prospect of reductions in funding for different reasons for different parts of the museum sector.¹⁸ We have considered these in detail in subsequent sections of this report.

Central government

18. DCMS is a direct sponsor of 22 museums and galleries, including the 14 nationals, Tyne and Wear Museums and the Museum of Science and Industry in Manchester, which together received around £320 million of grant-in-aid funding in 2006–07. DCMS grant-in-aid allocated to the 17 of the 22 DCMS sponsored museums and galleries which are classified as non-departmental public bodies for the period 2000–01 to 2007–08 is summarised by the following table:

	2000–1	2001–2	2002–3	2003–4	2004–5	2005–6	2006–7	2007–8
£m	226.29	241.46	264.96	275.63	280.37	291.99	314.93	335.66
% increase	+3.65%	+8.0%	+9.7%	+4.0%	+1.7%	+4.1%	+7.9%	+ 6.6%

DCMS told us that there had been a 63% increase in grant-in-aid funding to national museums and galleries between 1997 and 2008 and that the £1.3 billion provided in the five years from 2000–01 included around £140 million compensation to enable the sponsored museums which had formerly charged for entrance to offer free entry.¹⁹ The DCMS definition of “national museums and galleries” does not cover all museums or galleries with the word “national” in the title. Some “national” museums have not received anything

16 Museums and Galleries in Britain: Economic, Social and Creative Impacts, by Tony Travers of the London School of Economics 2006 pp15 and 47

17 DCMS Ev 233

18 Dr Maurice Davies, Deputy Director of the Museums Association, Ev 6 Q8

19 DCMS Ev 234

like a 63% increase. The National Football Museum (which was opened in 2001, with the Heritage Lottery Fund providing £9.3 million of the initial funding of £15 million) told us, at an informal meeting, that the grant-in-aid funding from DCMS had not increased since it was established.

19. We took evidence about funding from the National Museum Directors' Conference as well as from five of the national museums individually. Their perception was that the percentage increase in cash terms in recent years does not present a true picture of museum funding because increases which only keep pace with inflation amount to reductions when compared with real cost increases in the wider economy.²⁰ Most of the grant-in-aid goes on core running costs such as staffing, utilities, maintenance and rates, which are rising above inflation in the Consumer Price Index (CPI), and which have risen on average by more than 40% since 1997–98. The V&A said that, since staffing costs accounted for the highest proportion of running costs, the average earnings index (AEI) provided a better measure of the inflation in its costs. Since AEI had risen by 40% between 1997 and 2006, the V&A said that its grant-in-aid had not maintained its value compared to 1997–98, but had fallen in real terms by £3.5 million.²¹ The V&A also calculated that if the amount designated to make up for the loss of admission charge revenue was excluded, its grant-in-aid had risen by only 12% between 1997–98 and 2005–06, only just matching CPI.²² The V&A and the British Museum also referred to figures showing that the increases in grant-in-aid for national museums in London, since 1997–98, had not been evenly distributed: while the Tate's grant-in-aid had gone up by 75%, the National Gallery's had risen by 14%, and the British Museum's by 19% in that period.²³

20. Running costs have also risen as a direct result of the dramatic increase in the performance of the museums over the past decade, particularly in terms of visitor numbers, and we were told that increases in government funding do not compensate for this.²⁴ Ten million extra visitors have been accommodated, increasing wear and tear on the buildings and requiring more staff to cater for the extra numbers.²⁵

21. Without investment in their infrastructure there is a risk of deterioration for collections and the buildings that house them, which are often important historic cultural items in their own right as well as vehicles for the delivery of public services.²⁶ The National Museum Directors' Conference (NMDC) said that the argument for higher investment in infrastructure had been won in other areas such as schools, hospitals, sports facilities and government offices, increasing the quality of work done and the services provided. NMDC's view was that, for a fraction of those investments, comparable gains could be achieved by museums, where investment was long overdue, and that the longer it was

20 V&A Ev 14, the British Museum Ev 12, Mr Mark Jones, Director of the V&A Ev 22 Q23, National Museum Directors' Conference Ev 350

21 V&A Ev 14

22 V&A Ev 14

23 British Museum Ev 12, V&A Ev 15

24 NMDC Ev 351

25 PCS Ev 378, NMDC Ev 351, The Committee recognised this factor in its 2002 report, *National Museums and Galleries: Funding and Free Admission*, First Report of Culture, Media and Sport Committee, Session 2002–03, HC 85

26 National Museum Directors' Conference Ev 351

neglected, the greater was “society’s self-imposed brake on museums achieving their full potential”. It said that most museums had a maintenance backlog and also needed to refit, renew and refurbish galleries. The national museums’ priorities for medium term investment in infrastructure were structural maintenance of old or listed buildings, modernising public spaces to meet enhanced expectations, improving energy efficiency (in front of house, storage and back office areas), digitising collections information and supporting partnerships through increasing collections care, and skills development.²⁷ They needed to be able to budget for the periodic renewal and modernisation of their assets, yet find that building maintenance is an increasingly pressing problem.²⁸

22. The V&A told us it could not spend at the level it should to maintain the fabric of its historic buildings, and that the cumulative backlog stood at over £20 million, growing by at least £1 million per year. Its trustees’ building strategy committee recommended an annual spend of £3 million, with an absolute minimum of £500,000 per annum but the museum had been able to allocate just £135,000 from core budgets in 2006–07.²⁹ The Travers Report found that up to a third of museum displays and facilities were in need of renovation and that at current funding levels there would certainly be no significant resources to add to collections.³⁰

23. When he spoke to an audience drawn from the British cultural sector, in March 2007, the Prime Minister, the Rt Hon Tony Blair MP, offered some encouragement about future funding for the sector when he said that “a nation that cares about art will not just be a better one”, it will be a more successful and cohesive one. He referred to nervousness that the “the golden era may be about to end”, and concerns over the comprehensive spending review and the claim on resources made by the Olympics, and sought to lay them to rest, adding “We have avoided boom and bust in the economy. We don’t intend to resume it in arts and culture.”³¹

24. In setting the levels of grant-in-aid to directly sponsored museums and galleries Government should take more account of the need for museums and galleries to maintain their often historic buildings as well as their collections. We accept that grant-in-aid overall has risen roughly in line with inflation over the last ten years, but it must be recognised that increases which do no more than keep pace with inflation amount to no increase in real terms and may not meet real and unavoidable increases in running costs. Over the years, some sponsored museums have built up substantial backlogs in the maintenance of their fabric, which cannot be left indefinitely. The Government should either reflect this need in the levels of grant-in-aid or enter into discussions with the museums which it sponsors, to identify an alternative means of dealing with these backlogs.

27 NMDC Ev 351

28 NMDC Ev 351

29 Ev 18

30 Museums and Galleries in Britain: Economic, Social and Creative Impacts, by Tony Travers of the London School of Economics 2006 p8

31 Speech at Tate Modern, 6 March 2007 <http://www.number-10.gov.uk/output/Page11166.asp>

The Theatre Museum

25. The Theatre Museum in Covent Garden is part of the V&A. Early in 2006 it was apparent that the future of the Museum had become extremely precarious. The Museum opened in leasehold premises in Russell Street, Covent Garden, in 1987, and the building has been found to have severe limitations and to require major investment to make it fit for purpose. Following two unsuccessful applications to the Heritage Lottery Fund for support, the Trustees of the V&A issued a consultation paper outlining the issues and the options which were under review for the future of the museum.³² On 25 September the V&A announced that the museum would be likely to close in January 2007, and the theatrical collection would be housed in a new gallery on the V&A's main site.

26. Several organisations expressed to the Committee their dismay at the proposed closure.³³ When we asked Mr Mark Jones, the Director of the V&A about the efforts which had been made to raise funding, he told us that a range of key arts donors and theatre management groups had been approached on a confidential basis. Potential donors had been deterred by a number of factors, including the fact that the Covent Garden premises were leasehold, that although the location was good, the building needed significant expenditure which would not provide good value for money; and that it was “not capable of making a really good museum”.³⁴ Another major disincentive to donors had been that the Heritage Lottery Fund, whose assessments were seen as rigorous and strategic, had turned down two funding applications: HLF's lack of enthusiasm for the building had been seen as crucial.³⁵

27. Mr Jones told us that a number of ideas for the Covent Garden museum had arisen as a result of the consultation and the publicity but that none had a plausible financial or business plan. The trustees had, however, agreed to work with Blackpool Council on a feasibility study into the case for some of the collections going to a new theatre museum in Blackpool as part of the Council's regeneration plan. We understand that the feasibility study will be completed in the spring or early summer.³⁶

28. We regret the loss of a dedicated theatre museum based in the heart of London's “theatre-land”. We acknowledge that the V&A was hampered in its efforts by the lack of outside financial support and are disappointed that, despite a number of well-known celebrities from the world of theatre supporting the campaign, no significant private donations were forthcoming. We now encourage the V&A to continue to explore the options including a more suitable site which might be more attractive to potential sponsors.

32 The Theatre Museum: Consultation Paper April 2006

33 Equity Ev 298, Save London's Theatres Ev 382, The Society for Theatre Research Ev 388

34 Ev 29, Ev 25 Q33

35 Ev 30

36 Ev 31

Renaissance in the Regions

29. Traditionally, governments have maintained that, except for the national museums and galleries, museums are essentially a local responsibility. In the latter decades of the twentieth century very limited amounts of funding were made available by central government to provide purchase funds and some common support services and advice for local museums, but by the turn of the century many regional museums and galleries had reached crisis point with funding widely perceived as being so inadequate and unreliable that they were struggling to survive. Some of them were “in a state of near collapse”.³⁷ In 2000, the Secretary of State for Culture Media and Sport set up a Regional Museums Task Force “to develop a national strategic framework for regional museums and galleries in England”. It had been assumed at the outset that the Task Force would concentrate on the problems of the major regional museums, but the Government agreed that the Task Force should look at the wider issue of how all museums should work together to provide first class services to users.

30. The Task Force proposed a new approach to investment in regional museums and argued that central government investment in some key services would result in long-term benefits for all museums and for the communities they served. The Government accepted the recommendations and committed initial funding for what has become the MLA’s flagship programme for regional museums—*Renaissance in the Regions*.

31. *Renaissance in the Regions* was set up in 2002 and was designed to transform England’s regional museums and make them fit for the 21st century. The programme has been funded by central government investment of £150 million staged between 2002 and 2008, in two phases. Each of the nine English regions has a “hub” of up to five flagship museums and museum services, including some independent museums and university museums as well as local authority services. The intention is for these to share skills and staff with other museums services in their regions. The three Phase One regions (the North East, South West and West Midlands) received a level of funding to deliver effectively across all aspects of the *Renaissance* programme (though not at 100% funding until 2005–06) while the six Phase Two regions have been funded at a significantly lower level, at 20% of their estimated full funding in 2005–06, rising to 60% by 2007–08.³⁸ The three priority areas for *Renaissance* are:

1: to increase and sustain user participation, including:

1a: creating a comprehensive service for school age children;

1b: increasing and diversifying audiences; and

1c: increasing access to knowledge and information aside from exhibitions and displays.

2: to provide benefits to users by developing the organisation and workforce.

37 Museums Association Ev 2, *Renaissance in the Regions: a new vision for England’s museums*, 2001 MLA, *Renaissance in the Regions: the Impact on Independent Museums*: Briefing paper prepared by Egeria Heritage Consultancy for the Association of Independent Museums, 2006, *Securing the Best for our Museums: Private Giving and Government Support*, January 2004 p21

38 Yorkshire Museums’ Hub Ev 118

3: to provide benefits to users through improving access and use of collections, through better collections development, care and interpretation.³⁹

32. It was striking how, throughout the evidence, the impact of the *Renaissance* programme on the hub museums was described in glowing terms: more was being achieved than had been expected, even with incomplete and phased funding in many cases. We heard that *Renaissance* had been a “resounding” and “outstanding” success,⁴⁰ that it had delivered “fantastic opportunities and benefits”,⁴¹ that it had given “an immense and much needed boost to regional museums”,⁴² that it had “brought about the most significant change in the museum sector in England in a generation”,⁴³ and that it had had the most profound impact on the museum sector of any government initiative in living memory.⁴⁴ The enthusiasm was no less in the Phase 2 hubs, although all the hubs emphasised that disparity of funding between Phase 1 and Phase 2 hubs had meant that benefits to Phase 2 museums had been slower to develop, both within the hub partners and the wider museum community and that the potential which the Phase 2 hubs could achieve with full *Renaissance* funding has yet to be realised⁴⁵ Even for Phase 2 hubs, *Renaissance* was acknowledged as “an outstanding example of how a small amount of funding can demonstrate significant public benefit for our services, our users and our collections”.⁴⁶

33. The *Renaissance* programme has enabled museums to address infrastructure issues and to invest in service improvements that they would have found impossible to deliver from core revenue funding.⁴⁷ The number of visits to hub museums has increased by 5.3% since 2002–03, while PSA targets to increase the number of contacts between school age children and regional museums, and to generate additional visits by new users predominantly from social classes C2DE and ethnic minorities, have been exceeded with ease.⁴⁸ Nearly 600 new posts will have been created, 188 of them curatorial posts.⁴⁹ We were told that MLA had ensured that all the regional hubs adopted a rigorous data collection regime, which was providing a strong evidence base for the work nationally and regionally.⁵⁰ MLA could therefore deliver statistics demonstrating what value had been achieved and created with taxpayers’ money, making it “almost the perfect Treasury programme”.⁵¹ It was not simply a question of counting heads, as the programme was a balance between achieving numerical targets and changing attitudes,⁵² but we were told that there is a need to

39 DCMS Ev 235

40 Ms Helen Wilkinson, Policy Officer of the Museums Association Ev 6 Q6, University of Oxford Ev 156

41 Ms Olivia Morris Policy and Campaigns Officer at the National Trust Ev 150 Q154

42 The Visual Arts and Galleries Association Ev 403

43 The Museums Association Ev 1

44 The Museums Association Ev 1

45 The Midlands Federation of Museums and Art Galleries Ev 336, West Midlands Regional Museums Hub Ev 417, Yorkshire Museums Hub Ev 118

46 Yorkshire Museums Hub Ev 118

47 West Midlands Regional Museums Hub Ev 417

48 DCMS Ev 235, Yorkshire Museums Hub Ev 118

49 A Renaissance in England’s museums is making them fit for the 21st century, MLA Press notice 1 November 2006

50 Yorkshire Museums Hub Ev 119, London Museums Hub Ev 326, Leeds City Council Museums & Galleries Ev 323

51 Mr Mark Wood, Chairman, MLA Ev 226 Q324

52 North West Museums’ Hub Ev 360

continue the development of accurate qualitative methods of measuring impact such as quality of visits and visitor enjoyment, while some of the benefits are not susceptible to measurement.⁵³

34. All the hubs stressed to us how *Renaissance* had engendered a new sense of partnership within the sector, between regional museums, between them and their local authorities and other funding bodies, between national and regional museums, and between museums and other bodies. The East of England Hub told us that the new partnerships within and between regions, forged by MLA, were “a major strength of *Renaissance* and have for the first time created a truly national body of regional museums with both regional distinctiveness and a common agenda and purpose”.⁵⁴ It said that the MLA was shaping a new dynamic regional museum sector, focussed on the needs of the users and that the new partnerships fostered by *Renaissance* were leading to a greater sharing of professional skills and expertise across the sector, with many joint projects involving formerly separate museums. The Yorkshire Museums Hub told us that, before *Renaissance*, the museums had “operated as a series of independent fiefdoms” but that *Renaissance* funding had acted as a catalyst for establishing strategic partnerships across the region so they now had a group of institutions with common goals and the money to implement them: this was the first step towards something much more professional and much more significant—organisational change and a new mindset.⁵⁵ **We are also encouraged to see the beginnings of relationships between the national museums and non-hub local and specialist museums. We believe that this will bring benefits in developing specialist skills of local curators, and in giving local people increased access to excellence in collections, exhibitions and interpretation, and would like to see this developed further.**

35. Another important element of *Renaissance* funding is that it has enabled hubs to lever in significant amounts of other public and private sector financing. The South East Hub, which is a Phase 2 hub, told us that it had been able to use *Renaissance* funding directly to lever in nearly £6 million of further funding to support a range of developments.⁵⁶ Mr Mark Wood, the Chairman of the Museums, Libraries and Archives Council (MLA) told us that the programme had brought in nearly £300 million of extra lottery funding.⁵⁷ The stability of hub museums has also been helped by the fact that in order to become partners they had to have a commitment from their funding bodies that they would maintain their core investment in the regions. The MLA told us of feedback from all the hubs demonstrating that, in tight budget rounds, that commitment has been an important consideration for any authority or funding body.⁵⁸

36. Alongside the enthusiasm we found unease and apprehension, both about the future of regional museums if the *Renaissance* funding stream was not sustained beyond 2008 and about the effect of the programme on museums outside the hubs. Hubs emphasized to us that, to have lasting worth, there needs to be a commitment to *Renaissance* funding beyond

53 Midlands Federation of Museums and Art Galleries, Ev 337

54 Ev 293

55 Yorkshire Museums Hub Ev 118, East of England Museums' Hub Ev 293

56 Ev 390

57 Ev 226 Q321

58 Ms Sue Wilkinson, Director of Policy and Advocacy Ev 226 Q320

2008 and that any reduction in funding would be detrimental, leading to contraction or even cessation of elements of their programmes, just as they were starting to have a significant effect.⁵⁹ It was suggested, for example, that the number of school visits and the amount of outreach work would fall, as would the museums' contributions to meeting PSA targets. Hubs warned that programmes now being planned were raising expectations which would not be fulfilled,⁶⁰ and that if *Renaissance* funding disappeared, hub museums would lose both the protection of the funding commitment from their sponsoring bodies and their capacity to lever in additional funding.⁶¹ Investment already made in efficient infrastructure (which would allow new investment to go straight into service delivery) would effectively be thrown away.⁶² Witnesses told us that, because of the expectations raised, within the sector and among the visiting public, reduction in funding could lead to a complete loss of confidence, and leave museums in a worse position than they had been before *Renaissance*; as *Renaissance* had increased customers' expectations there were fears that, if the programme did not continue, they would be even more dissatisfied than they had been before *Renaissance*.⁶³

37. At our final oral evidence session, representatives of the MLA told us that they agreed with the assessment we had heard from the hubs as to the likely effect if funding were to be cut.⁶⁴ They told us that, *Renaissance* cannot be seen as “a one-off programme where you can just switch the tap off, this would cause enormous damage to regional museums and to those in the hub teams”, and that there was recognition all round that *Renaissance* is an infrastructural investment programme which has long-term impact but is not a short-term programme. Switching the tap off would not simply halt progress, or even just put the sector back into the parlous state it was in before *Renaissance* injected new life. The sector now looks to the forthcoming comprehensive spending review in the hope that satisfactory future levels of funding will be put in place.

38. Mr David Lammy MP, the Minister for Culture, told us that *Renaissance* had been “key to a revival of regional identity”.⁶⁵ He believed that it was not just about funding; it was about capacity, skills, expertise and partnership. In contrast to all the other evidence received, he did not accept that museums would be worse off if the *Renaissance* programme were cut and considered that the huge and considerable progress in the Phase 1 hubs was now “bedded in” so that “development work could continue”. He believed that the cultural identity of the country was important and valued greatly by the public, and that was the case DCMS was making to the Treasury, but he was unwilling to say anything about the progress of negotiations on whether support for the programme would continue.

59 Midlands Federation of Museums and Art Galleries Ev 336, North West Museums Hub Ev 363, London Museums Hub Ev 326

60 Yorkshire Museums Hub Ev 120

61 Yorkshire Museums Hub Ev 121, Mr Nick Dodd Ev 126 Q134

62 Yorkshire Museums Hub Ev 120

63 Ms Sue Wilkinson Ev 225 Q320, Yorkshire Museums Hub Ev 121, Mr Alec Coles Ev 126 Q134

64 Mr Mark Wood, Chairman, Ms Sue Wilkinson, Director of Policy and Advocacy, Mr Chris Batt, Chief Executive, Ev225 Q320

65 Ev 252 Q359

39. We recommend that funding for the *Renaissance in the Regions* programme should, at the very least, be sustained in the next Comprehensive Spending Review, enabling museums to fulfil the promise and build on the achievements of the first phases. If this successful and inspiring innovation were to be curtailed half way through the programme it would be a serious waste of achievement and would significantly cut access to museums for schools and other key target groups. DCMS should be in a strong position to secure a continuing budget for *Renaissance* which may be seen as a “perfect Treasury programme” given its demonstrable impact.

Whether Renaissance has created a two tier structure

40. When the Renaissance hub structure was first introduced, some parts of the sector were concerned that it would create a two tier structure of “haves and have nots”. When the Secretary of State addressed the Museums Association Conference in October 2006, she expressed the hope that the sector had been reassured that those concerns had not been well founded and that the benefits of Renaissance were “flowing well beyond the hubs to the sector as a whole”.⁶⁶ Evidence to this inquiry suggested, nonetheless, that there was a perception of the sector being divided into the “hubs” and the “hub nots”,⁶⁷ and that there was some lack of confidence as to whether the programme had the capacity to deliver benefits right across the sector. It may be inevitable that the primary benefits of *Renaissance* will be for those museums within the hubs,⁶⁸ but there was disappointment among some outside that, as far as they were concerned, benefits were not spreading. Bill Ferris, who is chairman of the Association of Independent Museums, as well as being the director of an independent museum which is a hub partner, told us that Renaissance was “a wonderful thing from the ‘inside’” but that there was a significant constituency that felt excluded by the Renaissance process. He told us that there had been “a legacy of overblown expectation” at the beginning of the process when the impression had been given that the “trickle-downs” would happen more quickly, and that there was frustration in some areas “that the networking and skilling down is not as actively sought by hub members as it might be”.⁶⁹ He said that one of the major issues with *Renaissance* was that there was patchiness across the country, with some brilliant, and some very poor examples.⁷⁰ Evidence from university museums presented a very similar picture. There had been some benefits to university museums inside and outside the hubs, but there had been expectations of a greater dispersal of benefit, and there continued to be concerns about “short-termism” and uncertainty about the future of the programme.⁷¹

41. Mr David Wilson, the Director of the Wordsworth Trust, believed that the MLA tended to lose sight of the non-hub museums and needed to do more to explain how they could benefit, ensuring that they were brought into the programme, and that the “trickle-

66 Secretary of State’s speech to the Museums Association Conference, 23 October 2006

67 Mr Bill Ferris Ev 150 Q155, Bede’s World Museum Ev 427

68 Warwickshire County Council Ev 409

69 Ev 149 Q154

70 Ev 149 Q154

71 Ms Nichola Johnson, Director of the University Museums Group Ev 160, Q167, Dr Michael O’Hanlon Director of the Pitt Rivers Museum, Oxford Ev 160 Q167

down” became more of a flood.⁷² He referred to a perception that the Renaissance in the Regions programme was “actually Renaissance in the Urban Centres”.⁷³ The National Trust told us that it was important that the initiative should now be taken to the next layer of museums which have not yet been reached, and that it would like to see DCMS ensure that future programmes extend their impact beyond the current beneficiaries to small and medium museums, particularly in rural areas.⁷⁴ The Group of Small Local Authority Museums (GoSLAM) told us that the impact of *Renaissance* on public service delivery among smaller Local Authority museums has been described as “small to non-existent” and that it was as yet no substitute for the direct support that was once available from the Area Museum Councils.⁷⁵

42. Keith Merrin, the Director of Bede’s World, a medium-sized independent museum, believed very strongly that the Renaissance programme had created a two tier sector which, he said, was not surprising, as in any industry sector the injection of millions of pounds of public money into some of its participants, but not others, is bound to create an imbalance. He suggested that museums the size of Bede’s World were not easy to fit into the structure. The advice and training which hubs could offer to smaller museums which lacked expertise in education, marketing or fund-raising seemed irrelevant to a museum which had a long track record of delivery and a team of professional staff. He also said that since much of the hub work was programme delivery, such as growing education visits to hub museums or outreach work, its main impact was competitive: the extra public funding enhanced the fundraising capacity of the hub museums, as well as enabling them to offer free services, which other museums could not afford to do. He suggested that “it would seem logical when investing such a large amount of money in some elements of the regional museums community to measure what effect this is having not just on those museums that receive the new investment but on all museums in terms of visitor numbers, income etc.”⁷⁶

43. We commend both DCMS and the Museums, Libraries and Archives Council for their championship of the *Renaissance* programme and what it has made possible for regional museums to achieve.

44. DCMS should monitor the impact of the *Renaissance* programme on the museums sector as a whole, not only on those museums which are direct recipients of *Renaissance* funding. We are concerned that the evidence of benefits flowing out from the hubs is patchy at best, and that a two tier structure is developing in some places. DCMS should ensure that the MLA addresses the needs of the whole community of museums, meeting the criticisms of those museums which see themselves as being excluded from the benefits.

72 Ev 154 Q165

73 Mr David Wilson Ev 150 Q154

74 Ev 137

75 Ev 308

76 Bede’s World Museum Ev 427-8

Local government

45. Local authorities provide the second largest amount of public funds for museums and galleries, spending over £189 million in 2002–03.⁷⁷ Funding for local cultural provision is paid to local authorities as part of the Local Government Financial Settlement, but the amounts to be spent on cultural services are not ring fenced within this grant.⁷⁸ Local authorities are under no statutory obligation to provide museum services, with the result that museum provision varies among the 410 principal local authorities in England and Wales, about a third of which provide no museum service at all.⁷⁹ Those which do fund their own museums appear to be finding it increasingly difficult to sustain the necessary expenditure when competing with statutory services. Some local authorities provide joint services in partnership with other local authorities and other institutions. One example is Tyne & Wear Museums which is a partnership including five local authorities and Newcastle University.⁸⁰

Trust status

46. 23 local authorities have set up charitable trusts to be responsible for their museums and galleries, and three councils have outsourced their operations to combined culture and leisure trusts. The details of these trust models vary considerably, with some museums or museum services having been transferred as going concerns, with all their assets, while in others only operational responsibility for museums has been devolved.⁸¹

47. Sheffield and York City Councils are among the local authorities which have set up charitable trusts to be responsible for their museums and galleries. The chief executives of both trusts described to us with enormous enthusiasm the benefits which trust status has brought to their services.⁸² The City of Sheffield has more than ten years' experience of securing the management of its cultural and sporting assets through a series of trusts, including the Sheffield Galleries and Museums Trust, while York Museums Trust has been responsible for managing the city's museums only since 2002.⁸³ In both cases the collections continue to be owned by the city which has devolved their management to a charitable trust, whose principal assets are its staff with their knowledge and experience.⁸⁴

48. One of the more obvious benefits of charitable trust status is that it may improve money-making prospects because private and charitable donors may be more likely to give to a charitable trust than to a local authority.⁸⁵ Charitable status attracts relief from business rates. However, it may be that it is the less tangible benefits which make the most

77 DCMS Ev 232

78 DCMS Ev 238

79 DCMS Ev 238

80 Tyne & Wear Museums Ev 104

81 *Moving to Museum Trusts: Learning from Experience*, MLA March 2006

82 Ms Janet Barnes Chief Executive of York Museums Trust and Mr Nick Dodd Chief Executive of Sheffield Galleries and Museums Trust

83 Sheffield Galleries and Museums Trust Ev 122, Ev 129

84 Mr Nick Dodd Ev 129 Q150

85 *Securing the Best for our Museums: Private Giving and Government Support*, January 2004, para 4.17, Sir Nicholas Goodison Ev 174 Q203

difference. Ms Janet Barnes, Chief Executive of the York Museums Trust, told us that the main advantage for the York Museums Trust was in being a stand-alone organisation outside the council: this gave the service an important voice in the community and more authority than was possible for a service run from within the council.⁸⁶ She added that, with trust status, the service was able to be more focused in its thinking and planning, and more flexible, and that the trust enjoyed lines of communication at the highest level with the council, with which there was still a strong link—it continued to provide a third of the running costs. She described trust status as “marvellous”. One of the impressive achievements of York Museums Trust, and the envy of others, has been the recent agreement with the council for inflation-linked stable funding for the next six years.⁸⁷

49. Nick Dodd, Chief Executive of the Sheffield Galleries and Museums Trust endorsed her views, adding that the trust was more efficient and effective in delivering the same amount of service, because of the inherited or bureaucratic inefficiencies of museums operated within local authorities. He said that trust status made it possible for the service to be more flexible, to take risks and do things it could not otherwise do, because it brought in a wider range of civic people (on the board and in an advisory capacity), giving the added benefit of a high level of management and a high level of leadership skills across the organisation.⁸⁸ He told us that trusts were created to have a single focus and a single purpose and were designed to be “professionally selfish” for their sector, with the result that the “entrusted” sector did get a better deal, and the councils also benefited.⁸⁹ But although the financial advantages of putting facilities under trust management did give an impetus for change, he did not think that should be the main driving reason for adopting this model, and he considered that a fixation on cost reduction and financial efficiency was a poor basis for a constructive relationship between the local authority and the trust.⁹⁰

50. The evidence from the two trusts bears out the observations made by Sir Nicholas Goodison in 2004, that trust status can transform the leadership of a museum and can release energy and enthusiasm, because the directors and staff are no longer part of the local authority’s hierarchy.⁹¹ Following Sir Nicholas’s recommendation that the Museums, Libraries and Archives Council should make information about trust status available to other museums and local authorities, MLA published a report *‘Moving to Museum Trusts: Learning from Experience, Advice to Museums in England & Wales’*, in March 2006. The report describes the strengths and weaknesses of trust governance, and the financial, legal and operational implications. It found that becoming a trust was in itself no guarantee of better governance or management and that although there were some significant advantages to be gained by moving to trust status, the reasons cited for moving to the status had tended to be reactions to outside pressures (such as a response to funding difficulties) rather than a direct desire to explore improving the service through different delivery mechanisms.⁹² The report concluded that although museums devolved to trusts

86 Ev 129 Q147

87 Ev 129 Q147

88 Ev 129 Q150

89 Ev 122

90 Ev 122

91 *Securing the Best for our Museums: Private Giving and Government Support*, January 2004, para 4.17

92 *Moving to Museum Trusts: Learning from experience*, MLA, 3 March 2006

had done well in attracting additional funding, most of it had come from public funding sources available to other museums, and relatively little effort had been put into cultivating private donors.

51. A particular issue covered in the report related to those cases where councils had outsourced all their culture and leisure functions—including museums—to a single trust. The conclusion was that in those circumstances the benefits and disadvantages experienced by the museum in the local authority were merely transplanted to the new arrangements: a small museum service's profile, recognition and status within a large culture and leisure trust were not unlike those of museum services within a large local authority.⁹³ We were told that some local authorities were exploring or had explored the trust option for their museums,⁹⁴ also that some smaller museums saw no possibility of their benefiting from trust status, simply because they were too small for the structure to be viable.⁹⁵ We are also aware of reports that one trust has recently failed. Harrow Museum closed as a result of the insolvency of Arts Culture Harrow, to which Harrow Council had transferred the operation of its arts and museums services in 2001, but the council has now reopened the museum.⁹⁶

52. During our visit to Kelvingrove Art Gallery and Museum, Glasgow City Council's executive committee approved a plan to transfer services including museums, libraries and leisure centres to one large charitable trust. Ms Bridget McConnell, the Council's Strategic Director of Culture & Leisure, told us that there had been some controversy about the proposals because of the large scale of the proposed new trust, but she considered that it was the scale of the operation which would make it work well, with the same people continuing to do the same jobs. She said that the new structure would avoid the nightmare of local authority annual budgets and would enable the services to plan with a longer term perspective, maintaining the high quality of management which had been achieved only recently. She pointed out that, not so long ago the service had been described by the Heritage Lottery Fund as providing "the worst example of civic neglect". Much had been learned in Glasgow by consulting York Museums Trust about its experience, and we sensed an air of confidence that the new status would be beneficial and free from disadvantage.

53. We agree that trust status should not be regarded as a panacea for the ills of an ailing local authority museum service and that it may be wholly unsuitable for some museum services. Local authorities should not see trust status simply as a cost-saving solution for the provision of a public service. However, we have been greatly impressed at how the trust model has been effectively used to inspire leadership, raise the profile and sharpen the focus of museum services in some larger authorities. We strongly recommend that any large local authority museum service motivated to seek improvement should look at the successful models operating in Sheffield and York.

93 *ibid* para 1.319

94 Stoke on Trent Museums Service Ev 393, Birmingham Museums and Art Gallery Ev 270

95 GoSLAM Ev 309

96 *Harrow Times* 18 May 2007

Local authority museums

54. Like the nationals, local authority museums have had to operate in a climate of rising costs but, while the nationals have mostly been operating on standstill budgets, many local authority museums have seen real cuts in their core funding, even by those local authorities with a high level of commitment to museum services.⁹⁷ Not only is there no statutory obligation for local authorities to provide museum services, but those which elect to do so have no statutory obligation to maintain the museums and galleries under their care, a situation which Sir Nicholas Goodison and others have described as “odd”.⁹⁸ We were told that, being discretionary services, museums faced increasingly strong competition from other local authority service areas where a statutory obligation to provide services to a specified level existed, and that as the budgetary pressures on local authorities continue to increase, the non-statutory services are left particularly vulnerable.⁹⁹ We were also told that reorganisation within local authorities had often weakened the position of museums, leaving them easy targets for funding cuts.¹⁰⁰

55. The inevitable consequence of chronic under-funding of local authority museums over many years was a general decline in services and stewardship across the whole country and even closure of some museums. In recent years news of impending museum closures has become depressingly common. Museums have closed in Daventry and in Bury St Edmunds and we were told that the museum in Berwick was under threat.¹⁰¹ Even since the beginning of this year we have heard of more local authorities announcing cutbacks and closures in their museum services. Waltham Forest Council has said that it will reduce the opening times of the William Morris Gallery and Vestry House Museum.¹⁰² Wandsworth Council decided to close Wandsworth Museum to save £400,000 a year, which reports said would result in the dispersal of its 10,000 objects to local libraries, schools and churches, and the redundancy of 14 staff.¹⁰³ The decision was widely criticised, and we understand that a benefactor has come forward. Bury Metropolitan Borough Council’s decision to sell a Lowry painting from its museum’s collection also attracted widespread condemnation and has resulted in the museum losing its accredited status with the Museums, Libraries and Archives Council. While this may affect the museum’s power to draw in non-council funding, it amounts to virtually no sanction on the council.

56. We find it incongruous that no sanction at all should apply to local authorities which choose to close museums and disperse the collections under their care, whether the motive is to save money or to make money, or for any other reason. Museums cannot perform adequately if they exist in a climate of threat to the collections and to the staff. We believe that collections are held in trust by councils on behalf of the

97 Museums Association Ev 2, Stoke on Trent Museums Service Ev 394

98 *Securing the Best for our Museums: Private Giving and Government Support*, January 2004, para 4.15

99 Institute of Conservation Ev 65, Arts Council England Ev 260, East of England Museums Hub Ev 292, Stoke-on-Trent museums Service Ev 394, Warwickshire County Council Ev 408

100 Museums Association: *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005-06 Written Evidence HC 912-II, Ev 245

101 Dr Maurice Davies, Deputy Director, Museums Association Ev 6 Q8

102 <http://www.keepourmuseumsopen.org.uk>

103 HL Deb 1 March 2007 column 1641, <http://www.artfund.org/policyandcampaigns/campaigns-detail.html?id=547>

community and that it is right that there should be sanctions for those museums that sell parts of their collections purely to meet the financial needs of the Council; but we recognise that over time it could be beneficial for some of the smaller local authority museum services to merge, making for stronger units, provided that this safeguards the collections, sustains staffing and enhances access and the service to the public.

57. Communities do value their museums, and rightly so. Indeed, there is some evidence that even people who do not actively use the services themselves do nevertheless place a high value on them.¹⁰⁴ According to a MORI survey conducted for the Museums, Libraries and Archives Council in 2004, 82% of people believe it is important for their local town or city to have its own museum or art gallery.¹⁰⁵ We heard that many local authorities were investing in their museum services,¹⁰⁶ but very few local authority services have any acquisition budget at all. Birmingham Museum and Art Gallery told us that it was unusual in that it does maintain an acquisitions budget; although it has reduced significantly over the last 10 years and is under increasing pressure due to the need to address overall operational issues such as maintenance, it is presently set at £16,000 per annum and is dependent upon the generation of matched funding for its release.¹⁰⁷

58. The Institute of Conservation (ICON) suggested to us that the introduction of a statutory responsibility for local authorities towards museums (similar to the existing provision for libraries) should be considered, as a means of strengthening the position of the museums. However, there was no apparent expectation that such a major step was likely to be taken, at least in the immediate future.¹⁰⁸ Recent changes to the Comprehensive Performance Assessment (CPA) have increased visibility and demonstrated increasing acceptance of the importance of cultural services within the public sector.¹⁰⁹ The sector has warmly welcomed the inclusion of museums accreditation as a performance indicator within the culture service assessment for county and single tier local authorities. Witnesses told us that the performance framework did have a major influence on allocation of resources within the local authority so that investment would be more likely in areas addressed by CPA, but the performance indicators (with the exception of accreditation) were described as being “primitive” and “crude”, as they focused on “that which can easily be counted rather than that which really counts”.¹¹⁰ The Group of Small Local Authority Museums (GoSLAM) did not consider that CPA was yet playing its part, pointing out that accreditation was not yet an indicator for district councils and that there was no other indicator that places a clear value on heritage rather than general outreach and community engagement work.¹¹¹ DCMS told us that, working with the MLA, the Audit Commission

104 *Bolton’s Museums, Libraries and Archives Services: An Economic Valuation*, February 2006

105 Research Study conducted for the MLA, March 2004

106 Dr Maurice Davies, Deputy Director, Museums Association Ev 6 Q8

107 Ev 271

108 Ev 64, GoSLAM Ev 308

109 Manchester City Council Ev 327, West Midlands Regional Museums Hub Ev 419

110 Warwickshire County Council Ev 408

111 Ev 308

and IDeA, it was keen to see the development of further indicators that have the support of both local government and the sectors concerned.¹¹²

59. We recommend that appropriate performance indicators should be drawn up to encourage and assist local authorities in supporting their museum services.

University museums

60. Most university museums are supported entirely through discretionary allocations which the host universities make out of their core teaching and research grants. Since 2001, the larger museums—about a third of them—have also received funding administered by the Arts and Humanities Research Council (AHRC) on behalf of the Higher Education Funding Council for England (HEFCE).¹¹³ This programme, which has a current annual value of £9.9 million, has enabled the museums it supports to raise standards of stewardship, research, academic support, public programmes and access. In January 2005 AHRC issued a statement on the future provision of core support for university museums and galleries: in line with HEFCE’s policy of reducing the number of small and discrete lines of funding to higher education institutions, the funding will return to HEFCE’s core grant after August 2009, when its support for the AHRC’s museums and galleries programme would therefore come to an end. Funding arrangements for university museums and galleries from that date, and the mechanisms through which any such support might be provided, will be subject to decisions to be taken by the HEFCE Board nearer the time.¹¹⁴ HEFCE has indicated that it will no longer earmark funding for the museums.¹¹⁵

61. This is seen as a significant threat to the financial stability of university museums.¹¹⁶ Oxford University Museums Service told us that the AHRC core funding of £3.3 million for its four museums was not only their absolute core funding but that it was also the platform which made everything else possible: loss of this stable source of funding would almost certainly result in the destruction of much of what it has been possible to achieve by way of raising the profile of university museums within their parent institutions and with the general public’.¹¹⁷

62. The University Museums Group (UMG) suggested to us that university museums’ funding was arguably more precarious than that of other public museums.¹¹⁸ Like local authority museums, university museums are discretionary services, facing strong competition for funding from other services which the host institutions must provide.¹¹⁹ The Group told us that since most universities did not see the provision of public museums as their ‘core business’ their museums and collections were particularly vulnerable in the

112 Ev 233

113 University Museums Group Ev 158

114 Statement on the provision of core support for university museums and galleries, January 2005

115 Museums Association Ev 2,

116 Museums Association Ev 2

117 Dr Michael O’Hanlon, Director, Pitt Rivers Museum Ev 161 Q173, University of Oxford Ev 156

118 Ev 159

119 Ev 159

current climate of under-funding of the HE sector.¹²⁰ Moreover, Ms Nichola Johnson, the Director of the Group suggested that the effect on university museums would be “much more dramatic than in any other area of the museum sector if the Renaissance funding peters out”. If the funding is not sustained “then all the different practices and the different improvements that have been set up will be negated and, university museums will be forced back into their own resources again”.¹²¹

63. Although some university museums may have had a reputation as being more friendly to scholars than to the public,¹²² their role does extend beyond that of the university, delivering benefits to local users and drawing visitors from far afield to their very significant collections. In many cases the visiting public will hardly be aware that their governance and funding arrangements are different from those of other museums open to the public, and the university museums are becoming increasingly acknowledged and important partners within the sector. When we visited the North East Regional Hub our hosts were just as proud of the plans for the Great North Museum (which will bring together outstanding university collections) as of what had already been achieved at the Discovery Museum in Newcastle. Dr O’Hanlon, the Director of the Pitt Rivers Museum, told us that in 2005, two of Oxford University’s museums had won *The Guardian* award for the most family-friendly museums in the country, “which is something of a turnaround for university museums”.¹²³

64. The University Museums Group recognised that DCMS had no direct remit of responsibility for university museums but told us that historically they have been both discouraged and disadvantaged by their relative invisibility to central government.¹²⁴ They felt that their special function should be reflected in their funding arrangements and they were concerned that they were not benefiting from the kind of cross-departmental working (in their case with DfES, as paymaster of HEFCE) which was being advocated by Government. They suggested that, as overall guardian of the nation’s cultural heritage and of the Designated Collections scheme, DCMS had a moral and public obligation to act within Government on behalf of their continued survival and well-being.¹²⁵

65. We were disturbed to hear just how precarious university museums’ funding was, with the possibility that core funding for some major and much loved and valued museums might simply be discontinued in the very near future. Museums cannot be expected to fulfil their potential under such uncertain conditions, and we would urge DCMS to explore with DfES to find a way of ensuring that HEFCE funding to university museums continues and that the museums’ funding base is strengthened.

120 Ev 159

121 Ev 160 Q167

122 Dr O’Hanlon Ev 160 Q167

123 Ev 160 Q167

124 Ev 159

125 Ev 159

Other public sector funding

Heritage Lottery Fund

66. The Heritage Lottery Fund (HLF) was set up in 1994 as one of the distributors of proceeds from the sale of Lottery tickets. It initially received one fifth of the good causes income from the National Lottery, and since 1998, has received one sixth in parallel with those benefiting arts, charities and sport. In June 2006 the Secretary of State announced that the division of money between sport, arts, film and heritage good causes for the period 2009–19 would remain unchanged, after an extensive public consultation had shown strong support for the present distribution. That decision has been widely welcomed. Over the last twelve years a third of HLF’s total funding (over £1.2 billion) was awarded to 2,186 museum and gallery projects, including more than:

- £860 million on construction and refurbishment of buildings;
- £141 million on acquisitions; and
- £227 million on exhibitions, interpretation, collections management, education and outreach.¹²⁶

67. In that time, over £406 million has been awarded to the 22 DCMS-funded museums, and more than £295 million has gone to support projects in regional museums and galleries. HLF told us that the unprecedented levels of investment brought by HLF had “wrought enormous change in institutions across the UK, large and small, creating improved housing for collections, modern and user-focused displays and facilities and opportunities for fresh interpretation”.¹²⁷ Hundreds of other grants had enabled museums and archives to enhance their educational offer, to explore new means of engagement and reach new audiences.¹²⁸ HLF told us that although it has begun the task of reversing the legacy of decades of under-investment in the nation’s heritage infrastructure, the remaining need is immense.¹²⁹ The HLF has funded eight of the top ten of the UK’s most visited museums.¹³⁰

68. In our Report on the built heritage we found a near-universal welcome in submissions for HLF’s efforts, many of which had funded projects which were beyond the scope of others.¹³¹ We found the same enthusiasm in submissions to this inquiry. We heard that it had been “the salvation of many historic museum buildings and that it had created an improved infrastructure from which to deliver enhanced services”,¹³² which echoed the earlier description of the Fund as a “lifeline”. The East of England Museums’ Hub said that

126 Heritage Lottery Fund Ev 182

127 HLF Ev 183

128 HLF Ev 183

129 *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 165

130 *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 164

131 *Protecting and Preserving our Heritage*, Third Report of Session 2005–06 HC 912–I, para 66

132 East of England Museums’ Hub Ev 292

the creation of the Heritage Lottery Fund had had a significant impact on under-funded capital investment programmes and that all its hub sites had received (or were in the process of obtaining) major capital investment primarily from the HLF.¹³³ This was reflected all round the country, as we saw for ourselves in Tyneside and in Glasgow. Leeds City Council Museums and Galleries said that lottery funding had been key to museum development over the last decade,¹³⁴ and Manchester City Council also said that the HLF continues to provide essential funding to address capital needs.¹³⁵ GoSLAM said that the HLF grants had become harder to obtain, but they remained the obvious first choice for major capital projects.¹³⁶

69. In October 2006 HLF announced that it was developing new proposals to help museums and galleries with an investment of £3million to be allocated in 2007–08, to support acquisitions, the development of curatorial skills, research and increased activities for the public: grants will be available from £50,000 up to a maximum of £200,000. The scheme was launched in May 2007.¹³⁷

70. Nevertheless there are three factors which will impact on the amount HLF will be able to award in new grants between 2008 and 2013.¹³⁸ First, although for many years HLF has been able to over-commit on the basis that there would inevitably be a time lag between money being received, awarded to projects and drawn down by grant recipients, it is reaching the point when it does not feel able to continue to increase the amount by which it is over-committed.¹³⁹ Secondly, the Lottery contribution to the public sector funding package for the 2012 Olympics Games will result in the transfer of £161.2 million from HLF to the Olympic Distributor, plus the diversion of sales to the special Olympic lottery games, mostly in the three years leading up to 2012.¹⁴⁰ Thirdly, the *National Lottery Act 2006* has changed the way that interest earned by Lottery Distributors on their balances is distributed, a change which according to the National Audit Office would impact most on the HLF, and would have resulted in HLF receiving 53 per cent less investment income on the 2003–04 figures.¹⁴¹ HLF expects that these factors may impact particularly on high-value acquisitions of cultural property.¹⁴²

71. Looking further ahead, there may be scope for the outstanding needs of the museum sector to be met by the Heritage Lottery Fund if and when the funds removed from it are reinstated. The Secretary of State is reported as having said: “the Lottery would have first

133 East of England Museums’ Hub Ev 292

134 Ev 321

135 Ev 328

136 Ev 308

137 HLF press notice 23 October 2006

138 HLF Ev 182

139 Ev 183

140 Ev 191

141 *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–6 Written Evidence HC 912–II Ev 166; *Managing National Lottery Distribution Fund balances*, Report by the National Audit Office, HC 875, Session 2003–2004

142 Ev 183

call on the proceeds on the sale of land after the Olympics. See it more as a loan to the Olympics”.¹⁴³

72. We welcome the concept that funds diverted from the heritage good cause to pay for the 2012 Olympic and Paralympic Games should be regarded as a “loan” and that the Lottery would have first call on the sale of land after the Olympics, so that the heritage sector may look forward to being reimbursed the funds it has foregone, out of the proceeds of the Olympic investment. We invite DCMS to confirm that this is the Government’s intention. We remain deeply concerned about the impact of such a substantial diversion of funds on the ability to fund heritage projects over the next six years.

73. We urge that no further sums be removed from the Heritage Lottery Fund or other lottery distributors if the costs of the Olympic Games and Paralympic Games exceed those set out by the Secretary of State on 15 March 2007.

National Heritage Memorial Fund

74. The National Heritage Memorial Fund (NHMF) was set up under the National Heritage Act 1980 as a memorial to those who have given their lives for the United Kingdom. It provides funds to secure items of outstanding interest which are of importance to the national heritage and under threat of loss to the nation. In 1980, proceeds of the National Land Fund were passed to the NHMF which has since received annual grant-in-aid ranging from £2 million to £23 million. In the year before the National Lottery was introduced (1993–94) the grant-in-aid was £12 million. NHMF’s grant-in-aid has been £5 million a year since 2001–02 but increases to £10 million this year.¹⁴⁴

75. Since its creation NHMF has made over 650 grants totalling over £135 million for the acquisition of cultural property of outstanding importance to the national heritage including:

- over £56 million for works of art;
- over £48 million for other historic objects (including for industrial, maritime and transport objects);
- over £30 million for archive and special library collections.¹⁴⁵

It is acknowledged as the “fund of last resort for the nation’s heritage” although we were told that it does not have enough money to respond to the many claims it receives, and is not adequate to meet the demands for major acquisitions.¹⁴⁶ While the Fund’s resources have gone down, the cost of acquisitions has gone up. The price of Turner’s Blue Rigi alone exceeded the NHMF grant for the year.

¹⁴³ *The Guardian*, 23 April 2007

¹⁴⁴ In the 2004 Spending Review the Government announced that the grant in aid to NHMF would rise from the current £5m per annum to £10m by 2007–08.

¹⁴⁵ HLF Ev 181

¹⁴⁶ HLF Ev 181

76. As a fund of last resort NHMF has two important roles: either helping to bring about closure of an acquisition when most of the money has been found or, for items of the highest cost, providing an early indication of support that makes a fund-raising campaign possible.¹⁴⁷ The trustees can take decisions at short notice, which makes the NHMF an important potential source of funds for objects that come unpredictably on to the market. Its responsiveness and “light touch” make it possible for the NHMF to react rapidly in support in circumstances which demand prompt action.¹⁴⁸

77. In 2004 Sir Nicholas Goodison found a universal view among respondents to his consultation that the funds available to the National Heritage Memorial Fund should be restored and increased.¹⁴⁹ He recommended that NHMF’s grant-in-aid should be increased to at least £20 million per annum. In evidence to this inquiry he stressed the “at least”.¹⁵⁰ HLF has welcomed the government’s commitment to double NHMF’s annual grant to £10 million from 2007–08, but noted that this is still £3.5 million less than the grant in 1985: in consequence NHMF would continue to remain fettered in its fundamental role, and will only be able to deal with a fraction of the cases where its support would be appropriate. HLF urges the Government to accept the recommendation of the Goodison Report of that NHMF’s annual grant should be raised to £20 million.¹⁵¹

78. We agree that the effective reduction of grant-in-aid to the National Heritage Memorial Fund (from £12 million in 1993) risks undermining its purpose at a time when the cost of the acquisitions it was intended to support have been rising dramatically, and we recommend that it should be increased to a level at which it will be a meaningful last resort – to at least £20 million.

The DCMS/Wolfson Foundation Museums & Galleries Improvement Fund

79. The DCMS/Wolfson Foundation Museums and Galleries Improvement Fund allocates £4 million a year to national and regional museums for capital projects to improve the quality of displays, public spaces, environmental controls and access for disabled visitors. Awards in 2006 included £150,000 to the Natural History Museum for renovation and improvement of the permanent Mineral Gallery, with improved access and environmental controls and “Changing Faces”, a new and enhanced visitor experience for South Shields Museum and Art Gallery.¹⁵²

Purchase funds

80. The Fund for the Preservation of Industrial and Scientific Material (PRISM) supports the acquisition and/or conservation of a movable object or group of objects illustrating the

147 HLF Ev 182

148 Oxford University Museums Service Ev 158

149 Securing the Best for our Museums: Private Giving and Government Support, January 2004, para 4.22

150 Ev 174 Q200

151 HLF Ev 185

152 DCMS Press notice 111/06

history of any branch of science or technology. MLA allocates the PRISM Fund £250,000 per annum; since 2000, nearly £1.5 million has been awarded.¹⁵³

81. The V&A purchase grant fund is a government fund administered by MLA in partnership with the V&A. It contributes to the purchase of objects relating to the arts, literature and history by museums, galleries, record repositories and specialist libraries in England and Wales. Through the acquisitions it supports, the fund aims to help and develop the quality and standards of regional collections for the understanding and enjoyment of the public. The annual allocation for this fund is £1 million and, since 2000, over £6 million has been awarded.¹⁵⁴

82. Museum collections which have been identified as being of outstanding national and international importance under the Designation scheme are also eligible for grants from The Designation Challenge Fund, which is now administered by the MLA through *Renaissance in the Regions*. Grants totalling £3.8 million were awarded to projects running to the end of March 2006 to enhance 39 designated collections.¹⁵⁵

Other funding

Charitable foundations

83. The Art Fund (formerly the National Art Collections Fund) is a charity, supported by over 80,000 members, which gives grants towards the purchase of works of art for the nation's collections. The charity offers around £4 million in grants annually to museums and galleries around the UK. In the last 10 years it has helped UK museums acquire over 380,000 works of art, with grants totalling £30 million. The Contemporary Art Society's Special Collections scheme enabled 15 regional museums to collect contemporary art and craft within a strategic context.¹⁵⁶ Many other charitable foundations, such as the Esmée Fairbairn Foundation, provide grants to arts and heritage projects.

Self-generated income

84. Many independent museums are wholly reliant on self-generated income and fundraising, and museums generally have become adept at accessing support from a wide variety of sources. Funding has been secured from the funds described above, from grant-giving agencies and foundations, through regeneration streams, from friends' organisations, through sponsorship, and through commercial activities such as merchandising and catering. DCMS said that the sponsored museums, galleries, archives and libraries had become more experienced in and more efficient at generating income for themselves and now engaged in a wide range of income-generating activities, including both traditional areas such as retailing and catering and more innovative projects.¹⁵⁷

153 MLA Ev 216

154 MLA Ev 216

155 MLA press release 30 March 2004

156 Arts Council England Ev 260, Birmingham Museums and Art Gallery Ev 418

157 DCMS Ev 240

85. The V&A told us that new and refurbished galleries also offer opportunities for promotion of the museum and, therefore increased income-generation through trading (such as retail, venue hire, and catering) and through sponsorship and donations – in which there is a cycle of success, as a good track record of successful project delivery sustains the Museum’s reputation and attracts further funding.¹⁵⁸

86. In his report on the economic, social and creative impact of the museums in the UK, Tony Travers found that self-generated income to museums and galleries in the study had ranged as high as £200 million a year, including over £100 million in donations and sponsorship, over £100 million in trading income and some £20 million in ticket sales.¹⁵⁹ The figures suggested that it was difficult to rely on donations and sponsorship as a continuous and predictable income source and it would not be possible to rely on them for much more than 10–15% of museum income, while for most of the regional institutions and the smaller national ones, such income would generally be measured in hundreds of thousands of pounds per annum, not millions.¹⁶⁰ He found that institutions were earning a solid income from trading services, averaging a contribution of around 10% of gross income. Trading income to the museums included in his report had risen by over 100% between 1997–98 and 2005–06. As he said, in many cities and towns, museum or gallery coffee shops and restaurants are elegant and attractive features that, because of their association with culture, are able to offer an alternative to more traditional locations, but it was “important to state that museums and galleries also exist for rather different purposes than running catering and other trading facilities”. That caution was echoed by the Public and Commercial Services Union, which said that one feature of the impact of inadequate funding “is that in developing an income stream, space has been taken from exhibiting to give yet more space for retail or catering functions, such as at the Science Museum”.¹⁶¹

87. We saw a shining example of what museums can achieve by way of capital fund-raising when we visited Kelvingrove Art Gallery and Museum in Glasgow. The Kelvingrove Refurbishment Appeal was set-up in 2002 to raise voluntary contributions from trusts, companies and individuals towards the £27.9 million refurbishment of Kelvingrove. The appeal raised £12.75 million, which was £8 million more than the original target, and had enabled the museum to include in the refurbishment work which it had wanted to do but had not included in its core refurbishment plan. The names of those who contributed have been permanently displayed on the museum’s “donor wall”.

88. We commend museums for their efforts and achievements in generating income in an increasingly competitive environment. We recognise that the potential for self-generated income is necessarily limited and that museums should not be asked to extend their trading activities to the point where sight of their fundamental purpose may be lost. We congratulate Kelvingrove Art Gallery and Museum on all that has been achieved at the museum and in particular the notable success of its fundraising

158 V&A Ev 18

159 Museums and Galleries in Britain: Economic, Social and Creative Impacts, Tony Travers, London School of Economics, 2006, p 8

160 Museums and Galleries in Britain: Economic, Social and Creative Impacts, Tony Travers, London School of Economics, 2006, p 31

161 PCS Ev 377

strategy. We urge DCMS to examine what lessons can be learned, for other institutions from Kelvingrove’s success in attracting philanthropic donations.

89. Most independent museums and many local authority museums depend on entry charges for their continued existence, but that is not the case for the sponsored museums. Some of them, including the British Museum, have never charged for entry. Others, such as the V&A and the National Maritime Museum, did offer free entry until the 1980s, when they introduced compulsory admission charges. Since December 2001 entry to all the DCMS sponsored museums has been free, although they may make charges for special exhibitions. Free entry was made possible by DCMS providing compensation for lost income for its sponsored museums which had been charging for admission and by modifications to the VAT regime so that museums which did not charge could nevertheless recover their input VAT. The scheme for the refund of VAT incurred in relation to the provision of free admission was extended in 2005 to university museums. The result in terms of increased visitor numbers to the national museums is well known. Statistics published in December 2006 showed that visits to the museums which had charged for admission had increased by an average of 83% since the museums had introduced free entry: visits to the V&A, the Natural History Museum and National Museums Liverpool had increased by more than 100%. At the same time there had been an overall increase of 8% in visits to the museums which had always been free, but while visits to one of them (Tate Britain) were up by 57%, the number of visits to three of the fourteen “always free” museums had fallen.¹⁶²

Table 1: Number of Visits to the Former Charging Museums and Galleries

Museum	Year 0 Dec 2000– Nov 2001	%increase between Year 0 and Year 1	%increase between Year 0 and Year 5	Year 5 Dec 2005– Nov 2006
Imperial War Museum	633,498	11	12	708,137
Museum of London	303,305	28	30	392,840
Museum of Science & Industry (Manchester)	292,952	64	224	363,802
National Maritime Museum London (Greenwich)	907,337	34	72	1,557,249
National Museums Liverpool	694,197	80	138	1,650,392
National Railway Museum, York	543,359	36	55	840,387
Science Museum London	1,308,763	101	81	2,363,432
Natural History Museum	1,657,124	81	112	3,509,195
Natural History Museum (Tring)	65,153	29	81	113,986
Royal Armouries Leeds* and Fort Nelson	296,654	29	2	303,542
V&A (London)	1,117,336	112	122	2,481,051
Total	7,817,678	69	83	14,327 693

Table 2: Number of Visits to the Always Free Museums and Galleries

Museum	Year 0 Dec 2000–Nov 2001	% increase between Year 0 and Year 1	% increase between Year 0 and Year 5	Year 5 Dec 2005–Nov 2006
British Museum London	4,637,439	-1%	1%	4,843,384
Geffrye Museum London	83,353	-3%	-11%	74,553
Horniman Museum London	112,540	87%	220%	360,341
Imperial War Museum North, Manchester	n/a	n/a	n/a	232,907
National Gallery London	5,022,000	-20%	-13%	4,380,000
National Media Museum, Bradford	888,383	-10%	-25%	662,409
National Portrait Gallery London	1,260,029	18%	25%	1,570,802
Sir John Soane's Museum London	85,754	0%	4%	89,329
Tate Britain London	994,324	18%	57%	1,562,761
Tate Modern London	3,619,613	27%	31%	4,741,617
Tate Liverpool	621,419	-19%	-12%	552,107
Tyne and Wear Museums	1,407,153	-8%	6%	1,485,405
V&A Museum of Childhood London	174,711	11%	n/a	n/a
Wallace Collection	227,702	-1%	1%	230,848
TOTAL	19,129,420	2%	8%	20,786,463

90. Free entry to the sponsored museums has been acclaimed as a “huge success”,¹⁶³ with a 70% increase in the number of child visitors, increases in educational use, and increased use of the museums by black and minority ethnic groups and by other non-traditional museum audiences. But it is important to remember that free entry is not “universal”. It has been described as being for “the lucky few” museums,¹⁶⁴ and there have been suggestions that it may have an adverse impact on parts of the sector. In its 2002 inquiry on *National Museums: Funding and Free Admission*, our predecessor Committee heard evidence that, in some cases, resentment and hostility had been aroused by the continued practice of charging, when the impression had been given that “all museums are free now”.¹⁶⁵ Evidence to this inquiry suggested that that impression persists and that public expectation of free entry has actually increased.¹⁶⁶

91. We found a wider perception that subsidised competition from free entry museums had damaged the rest of the sector, resulting in a loss of income and a drop in visitor

163 Mr Mark Jones, Director of the V&A, Ev 22 Q24, Mr Lammy, Minister for Culture Ev 252 Q357

164 Mr Bill Ferris Ev 151 Q157

165 Culture, Media and Sport Committee, First Report of Session 2002–03 HC 85 para 69

166 The Waterways Trust Ev 413

numbers. The Waterways Trust told us that it had “clear evidence of a step change down in visitor numbers of about 19%” in the year that free entry was introduced for two nationally funded museums which were in direct competition with two of its own museums.¹⁶⁷ Other local authority and independent museums which cannot afford not to charge for admission lacked statistics, but suggested that there was an impact, particularly in the education market where the nationals and hub museums were investing heavily, and non-charging museums were “poaching” visitors and school groups.¹⁶⁸ There was a sense of frustration that there was no sign of any attempt to measure, let alone compensate, for the adverse impact on the others, of investment which has generated a rightly celebrated success for selected museums.¹⁶⁹ This echoes what was said in the context of the *Renaissance* programme about the imbalance created by injecting public money into a selected part of a sector.¹⁷⁰

92. The Waterways Trust told us that the liabilities of managing its publicly owned assets outstripped their income earning potential despite improved customer service and commercial performance, and that DCMS had acted to safeguard other collections which had faced similar pressures, including the Coal Mining Museum for England and the Peoples History Museum, both of which now enjoyed government funding, offered free entry and had seen their visitor numbers increase twofold. Its estimate was that £450,000 per annum would enable it to offer free entry, which would extend its reach to new audiences and open up education and learning opportunities.¹⁷¹

93. We recognise the achievements which the sponsored museums have been able to make through offering free entry, but more needs to be done to ensure that their success is not being achieved at the expense of museums which rely on entry charges for their continued existence. We recommend that research should be undertaken to determine exactly what effect the free entry policy has had on the sector as a whole and that a way should be found to support museums which suffer.

Gift Aid

94. Since 2000, charities have been able to benefit from Gift Aid, which allows them to claim back tax relief on donations made by UK taxpayers. Many museums and other charitable visitor attractions introduced schemes which (instead of entry charges) offered day admission in return for a donation which attracts Gift Aid. In 2004 the Treasury threatened to close this unintended “loophole” but instead, after lobbying, it modified the rules. From April 2006 donations in lieu of admission charges are only eligible for Gift Aid if either (a) the donation is at least 10% more than the usual admission charge or (b) it allows unlimited admission for at least a year.

95. Reports suggest that many regional museums have opted to introduce annual memberships, which allow them to reclaim basic rate income tax on the donations and

167 Ev 413

168 Lancashire County Council Ev 320, Mr Bill Ferris Ev 151 Q157

169 Lancashire County Council Ev 320

170 See above, para 42

171 Ev 412

may provide “spin-off” benefits for local people who can return as many times as they like.¹⁷² The National Trust (whose annual membership allows free entry to all its properties and attracts Gift Aid) is piloting the new +10% scheme at some of its properties.¹⁷³

96. The Museums Association said that although the new arrangements were still bedding down, there were already indications that the changes to Gift Aid would prove to have had a significant negative impact on the finances of independent museums.¹⁷⁴ Evidence to this inquiry suggested that the changes had enabled some independent museums to increase their income, while others had been adversely affected. The Chairman of the Association of Independent Museums stressed the importance of Gift Aid to independent museums.¹⁷⁵ He said that in his own museum’s case (the historic dockyard at Chatham), the income through Gift Aid had gone up about 70% with the new arrangements because the museum had had the confidence to invest in “good till technology” that did not allow the front of house member of staff to go beyond a certain point without asking the question: “Are you a UK taxpayer?” Gift Aid had been worth £100,000 in 2006, amounting to 10% of turnover, which was critical. The annual ticketing had also allowed the museum to engage even better with the community, with local people using the site every weekend, whereas before they had had to pay every time. Some venues had been very successful, but it was not always easy for museums to link the extra 10% to a project which would appeal to people and justify the extra outlay in their minds. But he added that the complexity of the new system was “a pain” and had put a number of AIM members off implementing them. He said that “the jury was out” but that the picture might be clearer in about six months’ time. Ms Olivia Morris, Policy and Campaigns Officer at the National Trust agreed that the new system was difficult and thought it unfortunate that the government had seen museums’ use of Gift Aid as a loophole.¹⁷⁶

97. We welcome the Treasury’s decision to modify Gift Aid rules rather than take away the benefit altogether, and we are pleased to see that some museums have been able to continue benefiting under new rules. We encourage MLA to investigate what effect the change has had through the sector with a view to offering support and guidance to museums which have been deterred by the complexity of the new rules.

Effect of the 2012 Olympics

98. In her keynote speech to the Museums Association Conference on 23 October 2006, the Secretary of State said that the 2012 Olympics would be the opportunity of a lifetime—not just in London, but all over Britain—and that no one should see it as a threat.¹⁷⁷ It was very clear from the evidence to this inquiry that the sector does see the Olympics as a unique opportunity but also sees it as a very serious threat. We found wide acknowledgment that the Olympics would be an exciting and important project for the whole country, providing huge opportunities for the cultural sector to “showcase the very

172 *How have museums and heritage sites responded to Gift Aid*, 24 hour museum, 2 July 2006

173 *How have museums and heritage sites responded to Gift Aid*, 24 hour museum, 2 July 2006

174 Ev 2

175 Ev 152 Q159

176 Ms Olivia Morris Ev 153 Q159

177 Speech For Museums Association Conference, 23 October 2006

best of our cultural activity to a global audience and to create a lasting cultural legacy”.¹⁷⁸ The MLA, which saw the Olympics as a “once-in-a-lifetime chance for the sector to work collectively to position itself as a major resource for the cultural programme”, told us that its engagement with the London Organising Committee of the Olympic and Paralympic Games (LOCOG) had made it possible to encourage institutions right across the country to see the value in being part of it. MLA had received over 100 responses to its consultation on Olympic opportunities for museums, libraries and archives, and 80% of those institutions had indicated that they would be actively engaged in contributing to the Cultural Olympiad which will begin in 2008. The MLA told us that LOCOG had been quite enthusiastic about the potential for staging activities and events around the country based on museums and was hopeful that some funding might come for this from LOCOG’s relatively modest budget which covers educational and cultural activities.¹⁷⁹

99. There was, however, some scepticism about whether opportunities for arts and heritage organisations to take part in Olympic-related programmes would have much impact beyond London and some parts of the south-east.¹⁸⁰ The overall picture which emerged from the evidence was of a sector apprehensive that a wonderful opportunity would simply be missed because, to pay for the Olympics, resources would be diverted away from an already under-funded sector just at the time when investment was most needed. The sector feels that it is being asked to do more for less money:¹⁸¹ it is being exhorted to show what it can do and generate a lasting legacy for the nation, not only without any additional or dedicated funding streams with which to do it, but with substantially reduced funding.¹⁸² As Ms Virginia Tandy, the President of the Museums Association, put it, we “cannot do a cultural Olympiad on a shoestring and a sporting Olympiad on significant funds. It will not work.”¹⁸³

100. When we took evidence for this inquiry the Heritage Lottery Fund (HLF) was anticipating losses of income, based on DCMS estimates, of £75 million less in lottery ticket sales and up to £68 million less as a result of changes in the allocation of Lottery proceeds, mostly in the three years leading up to 2012.¹⁸⁴ So when, in March 2007, the Secretary of State announced that there would be an additional allocation of £675 million of Lottery money to help fund the 2012 Games, we asked the HLF to let us know what the impact on HLF funding would be. HLF told us that there would be a further deduction from income of £90 million, so that the total cash loss from heritage to the Olympics would be £161.2 million plus the diversion of resources through the special Olympics Lottery games.¹⁸⁵ HLF has acknowledged that the further deduction was a blow, which would seriously reduce HLF’s grant-making for the foreseeable future,¹⁸⁶ making it impossible for the HLF to

178 National Museum Directors’ Conference Ev 350, Greater London Authority Ev 306, London Museums Hub Ev 325

179 Ev 214, Mr Chris Batt, Chief Executive, Mr Mark Wood, Chairman Ev 227 Q328

180 West Midlands Museums Hub Ev 417

181 The National Campaign for the Arts Ev 344

182 V&A Ev 19

183 Ev 9 Q18

184 HLF Ev 183

185 Ev 191

186 Ev 191

support major projects, like Kelvingrove and the transformation of the British Museum, as it had done in the past.¹⁸⁷ The Chairman of the MLA said that the cuts “put at risk the opportunity to showcase our country and create a legacy to the Games”.¹⁸⁸

101. Diversion of lottery money is not the only way in which the Olympics will affect funding for the cultural sector. As LOCOG is seeking to raise substantial funds from the private sector for the Olympics, museums see it as inevitable that this funding will be sought from the same limited group of major sponsors which now support them, and that the increased competition will be weighted against them because of the Olympics’ high profile and priority.¹⁸⁹ Cuts in government funding will also reduce museums’ capacity to leverage in other funding, making it materially harder to raise private funds or encourage private gifts.¹⁹⁰ The V&A’s impression was that instead of being a “call to arms” for culture, the 2012 Olympics were diverting resources away from culture—not only funds, but also the time and attention of public bodies,¹⁹¹ and the Tate observed that it would be highly unfortunate if the sporting celebrations in east London in the summer of 2012 were to be marred by gallery closures and restricted museum services in the heart of the capital.¹⁹²

102. During our visit to Athens we were told that the 2004 Olympics had had no adverse effect on funding for museums in Greece, indeed in the run up to the Olympics, there had been an extensive programme of building new museums, and restoring and upgrading existing museums and sites, at a cost of about 685 million euros. We were particularly impressed to see how it had been possible to provide wheelchair access to the Acropolis, thus enabling members of the Paralympic teams, as well as other visitors, to enjoy one of the world’s most famous heritage sites. Nevertheless, our hosts told us that museum visit numbers had dropped during the Olympic year.

103. We share the concerns expressed about the extent to which much needed resources are being diverted away from the sector to pay for the 2012 Olympic and Paralympic Games. It seems to us perverse that museums should be presented with the outstanding showcasing opportunities which only the Olympics can offer, while the diversion of essential funding will inevitably make it more difficult if not impossible for many of them to make the most of those opportunities. We also question the balance between the funding, for example, for elite athletes to gain more medals, and the damage to our museum infrastructure and ability to illustrate to the world Britain’s cultural heritage.

187 HLF statement in response to an announcement of a further £90million diversion of Lottery funding to the heritage to the 2012 London Olympics & Paralympics 15 March 2007

188 MLA press release 16 March 2007

189 The British Museum Ev 12, NMDC Ev 354

190 The British Museum Ev 12

191 Ev 19

192 Ev 397

The collections

Adding to the collections

104. It is not axiomatic that all museums must make new acquisitions for their collections. Some are static in their very nature, like the collections at Sir John Soane’s Museum and the Wallace Collection,¹⁹³ which illustrate the achievements or tastes of individual collectors, or collections which already amount to a complete archive of a particular genre. For most museums, however, a static collection will be a symptom of stagnation. New acquisitions bring new life to our collections. They inspire and educate; they stimulate research and bring new perspectives on existing collections; and they generate excitement, attract new audiences, and enliven education programmes.¹⁹⁴ The National Museum Directors’ Conference said that collections need to develop and grow all the time, otherwise they will become irrelevant, uninteresting and less than the sum of their parts, and the collections will lose their relevance and pre-eminence if the major changes in the make-up of this country’s population and the major developments of recent decades are not adequately represented in our collections.¹⁹⁵ The V&A said that collections are “the foundation of all we do” and that national museums had a duty to sustain the best collections they can for present and future users.¹⁹⁶ As Sir Nicholas Goodison said, “you have only got to go and look at an exhibition of a new acquisition in a regional museum to see the excitement that it can generate: and the well-chosen acquisition enormously enhances the educational possibilities, the local pride in the collections and so on”.¹⁹⁷

105. Shortly before we announced the terms of reference for this inquiry, the Art Fund published the key findings from a detailed survey of the collecting activity of museums in the UK.¹⁹⁸ The results were depressing. The findings showed that while museums believed that collections must be continually renewed in order for a museum to survive and prosper, nearly all of them said that inadequate core funding was currently a barrier to collecting. Fewer than 10% of museums in the UK allocated a fixed proportion of their core funding each year to collecting and, in 2005, 60% of them had allocated no income to collecting. Nearly three quarters of them said that in the last five years the most common method of acquiring had been through gifts.

106. This despondency was reflected throughout the evidence to the inquiry, from institutions of all sizes. The National Museum Directors’ Conference said that the amount of funding provided by Government for acquisitions had shrunk over recent years, while prices for art and antiquities in international markets had risen dramatically.¹⁹⁹ The Director of the V&A has pointed out that the majority of our collections, certainly the most

193 Dr Saumarez Smith, Director of the National Gallery, Ev 25 Q38

194 V&A Ev 16, National Gallery, Protecting and Preserving our Heritage, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 258

195 NMDC Ev 352

196 V&A Ev 16

197 Ev 174 Q202

198 The Collecting Challenge: The Art Fund Museum Survey 2006

199 Ev 352

valuable and high status objects in our collections, were acquired before the 1970s. He said that it had been assumed that the availability of assistance from the Art Fund, the National Heritage Memorial Fund (NHMF), the HLF and the MLA/V&A Purchase Grant Fund effectively substituted for the inadequacy of museums' own acquisition funds but that that was no longer the case.²⁰⁰ Tate told us that "in the past there have been short moments when Tate had real purchasing power, principally in the late 1970s" but that the prices of art works had grown considerably over the last two decades and Tate's, and other national museums', ability to operate in the art market and to build national collections was increasingly difficult in these conditions.²⁰¹ Tyne & Wear Museums said that "when even the Director of Tate is cited as complaining that acquisition funds are inadequate, the seriousness of the problem is clear", and that there was little doubt that the buoyancy of the market for fine and applied art had been to the detriment of adding to museum collections—particularly public collections.²⁰² The Visual Arts and Galleries Association (VAGA) said that it had been clear for a long time that the cost of major works of contemporary art far exceeds the purchasing power of public sector galleries; and once galleries stopped collecting contemporary art, it could be very hard to get a foothold again—to fill gaps or to retain the curatorial expertise.²⁰³ In November 2006, the Art Fund published a league table which compared the purchasing power of the UK's major museums with some of their counterparts abroad. The Art Fund said that the research, the first of its kind, showed that the UK's leading art museums lagged behind other world-class museums when it came to money available to buy new works of art for their collections.²⁰⁴

200 Ev 16

201 Ev 396

202 Ev 113

203 Ev 403

204 New Research From The Art Fund Warns That Our National Museums Are In Danger Of Losing Their Place On The World Stage, Art Fund press notice

Table 3: Spending on acquisitions by major international museums 2004–05

Museum	Total money spent on acquisitions 2004/05		Money spent on acquisitions EXCLUDING external funds for acquisitions	Total income 2004/05		
The Met, New York	£53.3m*	\$99.2m)	-	£137.8m	(\$257.7m)	
MoMA, New York	£20m	(37.1m)	-	£75.3m	(\$140.8m)	
Louvre, Paris	£16.8m	(€25.2m)	£4.6m	(€6.9m)	£115.2m	(€172.3m)
The Getty, California	c.£10.5m**	(c.\$20m)	-	c. £142.2m**	(c.\$270m)	
Rijksmuseum, Amsterdam	£9.7m	(€14.3m)	£7m	(€10.5m)	£48.3m	(€72.1m)
National Gallery, London	£6.3m		£805,000		£39.8m	
Tate (all UK sites)	£4.8m		£1.6m		£88.8m	
V&A, London	£1.3m		£546,000		£66.1m	
British Museum, London	£761,000		£334,000		£57.8m	

Column 2 shows each museum's total spend on acquisitions in 2004/05. This includes any government funds spent on acquiring new objects, money used from endowments and trust funds, cash donations (either towards specific acquisitions or for non-specified purposes), money from the museum's Friends organisations and all other external funds (including, for UK museums, money from the National Lottery and funding bodies such as The Art Fund)

Column 3 shows each museum's spend on acquisitions in 2004–05 excluding external sources. For UK museums, this means spend from government grant-in-aid (if any was used), plus any money released from endowments and trust funds. Money from external sources is not included in this figure

Column 4 shows each museum's total income for 2004/05 from all sources

*2004/05 was an exceptional year for the Metropolitan Museum, which acquired Duccio's 'Madonna and Child' for \$50 million. In previous years the Met spent around \$30m–\$40m on new acquisitions. In 2002–03 for example, the Met spent \$32,894,000 on acquisitions.

**The Getty declined to confirm figures. Figures cited are approximate and are taken from various newspaper reports, including the *New York Times*, 06/11/05

Source: The Art Fund

107. National museums told us of important potential acquisitions which had been lost because the funds available had been insufficient to secure them.²⁰⁵ The British Museum had recently been unable to acquire the Dowlish Wake Anglo-Saxon sculptured panel and a late Roman Consular diptych because the funds available to the Museum had been insufficient to secure them,²⁰⁶ while the National Gallery told us that it had taken the view that it could not to put in an offer for Titian's "Portrait of a Man" (which had been on loan to the Gallery) when the owner decided to sell it.²⁰⁷ The National Gallery told us of its concern about the increasing cost of great works of art (including those on long-term loan to British galleries), the corresponding incentive for owners to sell them and the inadequacy of the funding to enable national institutions to acquire them.²⁰⁸ The National

205 The British Museum Ev 12, The National Gallery, *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 259

206 British Museum Ev 12

207 The National Gallery, *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 259

208 The National Gallery, *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 258

Maritime Museum said that rising costs made it extremely difficult for the museum to compete with private buyers, whether in the UK market or beyond, particularly in the art market and the market for rare scientific and horological instruments.²⁰⁹ The Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest said that the number and value of items of national importance which have been granted export licences after a decision on the licence was deferred to give public institutions or private individuals in this country the opportunity to purchase them, has far exceeded the number and value of items that have been retained in the United Kingdom.²¹⁰ The Society of London Art Dealers said that huge increases in the prices of pre-eminent works of art of all periods made it unsurprising that British museums and galleries were seldom able to raise sufficient money to buy the top works of art which become available and which they would like to buy and retain in Britain, and that unless more money was made available, the situation was bound to get gradually worse.²¹¹ The V&A said that it seemed self-defeating to have an elaborate system for preventing the export of such works, with inevitably damaging consequences to the art trade in London, if even the most important objects cannot be saved.²¹²

108. Evidence from the regions told the same story. Manchester City Council told us that Manchester City Galleries had had a strong tradition of contemporary collecting since its foundation in 1882 but that in recent years its collecting had been reactive not proactive, responding to opportunities where they arose rather than strategically developing collections. The Galleries' acquisition budget had been reduced and ultimately discontinued due to budgetary constraints in the 1980s.²¹³ It said that the only proactive scheme in recent years had been the 5-year initiative developed by the Contemporary Fine Art Society and funded by the Arts Council Lottery. The West Midlands Regional Museums Hub said that the lack of a single strategic funding stream for acquisitions was making it difficult for museums to acquire significant items for their collections:²¹⁴ the museums within the hub partnership were relying to a large extent on donations and, in the case of purchases, grant-aid schemes for acquisitions.²¹⁵ It compared English regional museums with their French and German counterparts which, unlike the English, had been able to develop outstanding contemporary international collections.²¹⁶

109. The overall view from the sector was summed up by Tyne & Wear Museums when they said: "All around the country are public and private museums with frozen, inadequate or non-existent acquisition budgets. Collections are stagnating and visitors to galleries today might be hard-pressed to see the difference in collections they might have visited

209 Ev 348

210 Ev 166

211 Ev 387

212 Ev 17

213 Ev 328

214 Ev 415, Ev 417

215 Ev 417

216 Ev 418

twenty years ago [...] the cost of acquisition and the lack of resources to fund it is the most serious, pressing and difficult problem.”²¹⁷

110. Despite the widespread despondency in the sector about its capacity for acquisitions, some maintained that the position was not desperate. Asked whether there was a crisis at the top end, Dame Liz Forgan, chair of the Heritage Lottery Fund (HLF) said: “I would not say crisis. You could never have a policy that prepared for the sale in any year of a huge Old Master or two or three [...] Those things have to be treated as special events”.²¹⁸ David Lammy M.P., Minister for Culture at DCMS, referred to the amounts which national and regional museums had spent on acquisitions—around £30 million a year, fluctuating between £65 million in 2003–04 and £23 million last year, and said that if you totalled up what our museums had been able to spend, they were “spending just shy of £300 million on acquisitions and I am afraid that is a large sum of money and it certainly does not suggest that there is a crisis in acquisition”.²¹⁹ He also referred to table 5 in the Travers report which, he said, showed that “all of our museums are spending more than our colleagues in Europe” and that “the Louvre is spending half what the National Gallery is spending on acquiring”. Table 5 is set out below.

Institution	Average annual expenditure on acquisitions 2001–2004* (£m)
National Gallery	12.270
Tate	10.595
British Museum	7.621
Victoria and Albert Museum	1.577
National Museums Liverpool	1.344
Amgueddfa Cymru—National Museum Wales	0.709
National Portrait Gallery	0.701
National Maritime Museum	0.549
National Museums Scotland	0.549
Museum of London	0.336
Royal Armouries	0.210
Imperial War Museum	0.176
National Museum of Science & Industry	0.057
Natural History Museum	0.171
Van Gogh Museum (Netherlands)	17.402
Louvre (France)	6.416
Rijksmuseum (Netherlands)	3.851
State Museums Berlin (Germany)	1.377
Musee d’Orsay (France)	1.056
Staatliche Kunstsammlungen Dresden (Germany)	0.305
Deutsches Museum (Germany)	0.187
J Paul Getty Museum (USA)	17.005
Metropolitan Museum (USA)	16.623
MoMA (USA)	9.859
MFA Boston (USA)	8.237

217 Ev 113

218 Ev187 Q247

219 Ev 254 Q363

A note to the table refers to the Art Fund's work in 2006 suggesting that the analysis in the Travers report "may understate the problem".²²⁰ The Art Fund's league table (see above para 107) shows the figures for the more recent year, 2004–05, and presents a very different picture, showing that the Louvre spent two to three times more than the National Gallery. Mr David Barrie, the Director of the Art Fund, suggested to us that the use of the aggregate figure of £300 million over ten years was unhelpful, and distorted any analysis of the funding challenge faced by the museum community as a whole, as it included funding from the National Heritage Memorial Fund (which funded a few, exceptional and costly works) and from the Heritage Lottery Fund as well as tax foregone under the Acceptance in Lieu programme.²²¹

111. Whether or not the gap between museums' acquisition budgets and the cost of acquisitions is properly described as a "crisis", there is a clear decline in their power to keep collections growing and an urgent need for action to restore museums' power to develop their collections. We are, however, concerned that the very high prices now commanded by great works of art are calling into question the feasibility of public art galleries regularly continuing to compete for them against enormously wealthy individuals and institutions.

Schemes which promote acquisition and philanthropy

112. The Export Review system exists to protect works of national heritage for the nation. It provides that certain cultural objects more than 50 years old and valued above specified financial thresholds require an individual licence if they are to be exported out of the United Kingdom, whether on a permanent or temporary basis. The Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest is a non-statutory independent body whose role is to advise the Secretary of State for Culture, Media and Sport whether a cultural object which is the subject of an application for an export licence is of national importance. To assess the importance of an object, the Committee uses "the Waverley criteria", which are:

- Is the item so closely connected with our history and national life that its departure would be a misfortune?
- Is it of outstanding aesthetic importance?
- Is it of outstanding significance for the study of some particular branch of art, learning or history?

113. If the Reviewing Committee believes there is a case, it may recommend to DCMS that the granting of an export licence is deferred. The deferral of the licence enables a purchase offer to be made, at or above the recommended price, and provides UK institutions and private individuals with a final chance to raise the money to purchase such items before they are exported. If no offer is made the licence will be granted at the end of the deferral

²²⁰ Museums and Galleries in Britain: Economic, Social and Creative Impacts, Tony Travers, London School of Economics, 2006 p 23

²²¹ Ev 427

period, but if the vendor rejects an offer at the fair market value of the item, the export licence will be refused. The deferral period can be extended where there is a serious intention to raise funds with a view to making an offer to purchase.

114. On 13 December 2006, the 2005–06 annual report of the Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest was published. Following recommendations by that Committee, temporary export bars were placed on seventeen items of cultural significance which came before the Committee between 1 May 2005 and 30 April 2006. Of these, nine items worth £8.3 million were purchased and will remain in the United Kingdom. Funds could not be raised for all items found to be of outstanding significance and export licences were issued for the remaining 8 items worth £7.3 million.

115. Many witnesses told us that the export review system is failing to protect important works for the nation. In recent years, the Reviewing Committee has consistently drawn attention to the fact that the system of Waverley control can only achieve its prime objective of preventing the depletion of our national heritage if there is adequate funding for acquisitions available to public collections.²²² It pointed out emphatically to us that “the existing arrangements, excellent though they are in many ways, are not working as intended because of a shortage of money. This country has put in place a set of arrangements to ensure objects of the highest quality do not, in general, get exported. We believe that the policy behind these arrangements is not being implemented properly if the quantity of such objects currently being exported remains at its present level, and to that extent it is not working.”²²³ The Reviewing Committee believes that the levels of taxpayers’ money required to enhance the ability of public institutions to achieve this will cost “almost nothing in the context of the total burden of taxation and would also represent a good and proper use of public money providing a sound investment”. Similar points were made by a number of others including the Arts Council, which said that the safeguarding system too often failed, as market values exceed the ability of public collections to raise the necessary funds, so that the system was now regarded as ineffective with only a tiny number of cases now being referred,—less than 1% of items for which an export licence is requested.²²⁴

116. Various ideas were put forward for enabling the export deferral system to be more effective in keeping works of art in the UK. The Tate suggested that the system should be strengthened (as proposed in the Goodison Review) by imposing obligations on the owner of works of art, when applying for an export licence, to commit to sell that work to a public institution should the fundraising be successful, and that the ‘starring’ system (which is used to indicate that “every possible effort should be made to raise enough money” to keep a particular work in the country) should be more systematic and increasingly used.²²⁵ The Art Fund also suggested that steps should be taken to discourage owners from withdrawing their application for an export licence once a fundraising effort has been launched. It told us that, in 2005, 20% of licence applications were withdrawn following a serious expression of interest by a UK buyer, which meant that a great deal of effort by UK museums and

222 Farrer & Co, solicitors, whose specialities include advising museums Ev 302

223 Ev 168

224 Arts Council England Ev 262

225 Ev 397

funding bodies had been wasted.²²⁶ In his Review, Sir Nicholas Goodison concluded that giving the state a right of pre-emption would infringe the rights of the owners, by reducing the value of their assets. But he endorsed as “thoroughly sensible” a proposed amendment to the scheme, to provide that if a public institution came forward during the first deferral period with serious intent to make a matching offer, then the applicant for a licence ‘would be asked to make a binding offer to sell to that institution.’²²⁷

117. Two recent and related high profile cases illustrate both how the system can work at its best and how easily it can fail. *The Blue Rigi*, *The Dark Rigi* and *The Red Rigi* have been described as JMW Turner’s “very greatest” watercolour paintings.²²⁸ In May 2006 the Reviewing Committee deferred the export of *The Dark Rigi* which had been sold for £2.7m to the National Gallery of Art in Washington, but the work was sold to a UK-based private collector hours before the Tate’s fax announcing its intention to purchase. When *The Blue Rigi* was sold for £5.83 million (the highest ever price for a British watercolour) to an overseas buyer, a temporary export bar was imposed until 20 March 2007, and the Art Fund and the Tate launched a fundraising campaign to save the painting for the nation.²²⁹ Tate’s trustees pledged £2 million of its own funds, and the Art Fund awarded £500,000, one of the largest grants in its history. The public appeal raised more than £550,000 in just over five weeks. On 1 March, the National Heritage Memorial Fund announced that it had underwritten the acquisition to a maximum of £1.95m (which represents over a third of its current annual budget of £5m) thus guaranteeing that *The Blue Rigi* would stay in the UK.

118. The export control system plays an invaluable role in assisting national museums and public bodies to build their collections and it is a matter of great regret that it is not backed up by the resources to achieve its prime objective. We recommend that DCMS should amend the scheme to strengthen the position of public institutions which have indicated serious intent to make matching offers for export-deferred cultural objects.

Tax reliefs and philanthropy

119. There has been some form of tax relief for charitable donations for over a hundred years. Mr David Barrie, the Director of the Art Fund said that there was need for more incentives for philanthropy, saying that there “is absolutely no question that at a time when public expenditure is under intense pressure and the likelihood of additional government funds being made available is remote, the introduction of tax incentives of this kind is critically important”.²³⁰

120. The current tax reliefs include:

— **Conditional exemption** from inheritance tax and capital gains tax, which is available where qualifying heritage assets are given public access. Conditional exemption

226 The Art Fund, *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 255

227 Securing the Best for our Museums: Private Giving and Government Support, January 2004, para 7.2

228 Tate press release 1 March 2007

229 Tate was subsequently offered the painting at a reduced purchase price of £4.95m, following the application of eligible tax remissions.

230 Ev 195 Q279

may be claimed for heritage assets that are judged to be pre-eminent, provided undertakings are given by the owner to:

- Preserve them and keep them in the UK;
- Secure reasonable public access to them (some measure of which must be ‘open access’–without prior appointment); and
- Publicise the availability of such access and the terms of the undertakings.

— **Douceur** on private treaty sales, which applies to sales to public institutions listed in Schedule 3 to the Inheritance Tax Act 1984: the owner is absolved from 25% of the tax he or she would have paid if selling on the open market, and the institutional purchaser benefits by the purchase price being reduced by the remainder of the tax, which is effectively written off. Douceur applies to estate duty, capital transfer tax, inheritance tax and capital gains tax.

— **Gift Aid** which is tax relief on money donated to UK charities. Donations are treated as if the donor had already deducted basic rate tax from them. The charity can then reclaim this tax to increase the value of a donation.

— **Acceptance in lieu**, whereby anyone who is liable for the payment of an existing inheritance tax bill can offer a heritage object in part or whole payment of the tax. The offer may be accepted if the object is pre-eminent. The benefit to offerors is that they can apply a higher proportion of the value of an object to satisfy the tax liability than they could by selling the object at auction for the same price, because of the “douceur” under which only 25% of the tax which would have been payable is remitted to the estate.

121. There is little or no expectation in the sector that the Government is “going to suddenly find extra money to give to museums to add to their collections”.²³¹ Both HLF and the Art Fund have, within the last year, announced investments which will support acquisitions but the sums involved (£3 million to be allocated by HLF in 2007–08 and a funding package of £130,000 from the Esmée Fairbairn Foundation to *Enriching Regions: The Art Fund Collecting Scheme*) will not go very far. If funding cannot be found to fill the need, then philanthropy must be encouraged. The Labour Party manifesto of 2005 stated: “We will explore further ways to encourage philanthropy to boost the quality of our public art collections”. DCMS told us that it had hosted a forum in July 2006 with leading figures from the museums, galleries, archives and libraries sector to begin a dialogue on collections and to begin to solve the various problems cited. It said that one of the issues arising from the meeting was that an area in which there was considerable scope for improvement was increasing individual and corporate donations for acquisitions. Although acceptance in lieu and a number of tax concessions were already available to encourage private and corporate giving, it was felt that these concessions were poorly understood by the private sector were not taken up to any large extent, so DCMS was currently examining the existing tax-based incentives to ascertain whether they could be better deployed by its

231 Mr Mark Wood, Chairman of MLA, Ev 228 Q333

funded bodies in the cultural sector as a whole, and whether there might be a case to be made for some clarification of the existing legislation.²³²

122. DCMS's written evidence to the inquiry did not mention that, in 2003, the Treasury had asked Sir Nicholas Goodison "to review the effectiveness and efficiency of support to regional and national museums and galleries to help them acquire works of art and culture of distinction that might otherwise be sold abroad and to make these items accessible to the public". In his Review (*Securing the Best for Museum: Private Giving and Government Support*) published in January 2004, Sir Nicholas said that tax inducements are the obvious means of encouraging philanthropy and he made a number of recommendations, including ways in which the existing tax incentives should be extended. This Committee's predecessor noted in March 2005 that DCMS had implemented the Goodison recommendations in so far as they applied to DCMS and it looked to the Treasury to follow suit and to publish justifications for reasons where it decided not to.²³³ Disappointment that the Government has not implemented those recommendations was expressed by many in evidence to this inquiry. The Tate said that it believed that these (tax incentive) options offered models which could be adopted by Government and that it had evidence from potential donors that these proposals would greatly benefit the collection.²³⁴ David Wilson, the Director of the Wordsworth Trust made a comment which reflected what had been said by many others, saying: "We would support the Goodison proposals entirely and think they should be implemented in full because I believe that the cost to the Exchequer would be far outweighed by the benefit to the cultural health of the nation, so it is a simple case and we should get on with it".²³⁵

123. A small group of lawyers and museum curators has joined together to form "the Goodison Review Group" to "consider the recommendations and to research and refine them so far as desirable and to put the recommendations as so refined to the Treasury". Their overriding objective was to suggest ways in which objects and works of art of importance to the national heritage could best be preserved and retained in this country. They explained to us in detail the work which they had done to take forward the proposals but they had not been encouraged by the response they had received.²³⁶ They said: "The Treasury response to the Goodison Review in the area of direct taxation as explored by Sir Nicholas and fleshed out in the Group's papers has either been wholly negative or deafening in its silence. Given existing and anticipated difficulties for public museums in securing funding for the acquisition of heritage chattels, the case for the urgent reappraisal

232 Ev 241

233 *The Market for Art*, Sixth Report of Culture, Media and Sport Committee, Session 2004–05 HC414

234 Ev 396

235 Ev 155 Q166, see also Mr Mark Jones, Director of the V&A Ev 27 Q43, the National Council on Archives Ev 80, Tyne & Wear Museums Ev 113, 114, the National Trust Ev 135,138, the Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest Ev 167, members of the Goodison Review Group Ev 172, Dame Liz Forgan, Chair of the Heritage Lottery Fund Ev 187 Q250, Mr David Barrie, Director of the Art Fund, Ev 195 Q 279, Museums, Libraries and Archives Council Ev 215, Arts Council England Ev 260, Association of Chief Archivists in Local Authorities Ev 264, Farrer & Co Ev 301, National Campaign for the Arts Ev 344, National Maritime Museum Ev 348, National Museum Directors' Conference Ev 352, Visual Arts and Galleries Association Ev 405

236 *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06 Written Evidence HC 912–II Ev 158

of existing direct taxation incentives designed to facilitate the retention of such chattels in this country would seem overwhelming.²³⁷

124. When he gave evidence in January Sir Nicholas told us that there had been no contact between himself and the Treasury since the presentation of his report and that he had had to glean reasons for non-acceptance from elsewhere, particularly parliamentary debates.²³⁸ But he had been encouraged when he had received a telephone call from the Treasury on the eve of his appearance before the Committee, and he liked to think that “the real reason for nothing having happened is simply that they have not got round to it”.²³⁹ Mr Hugh Stevenson, a member of the Review Group, told us how dispiriting it had been for the Group to get no response after putting a great deal of work into putting some real flesh on the bones of the Goodison proposals.²⁴⁰

125. Sir Nicholas referred to a debate in the House of Lords last October in which Lord Evans of Temple Guiting had said that any argument for further tax concessions and further help from the Treasury was weakened if the existing concessions were not being exploited to the full. When it was put to Lord Evans that other countries’ experience suggested that the existing tax arrangements were not the most efficacious, he suggested (adding that he was straying from his brief) that museums and galleries had not been an efficient or effective pressure group as they had not spoken with one voice.²⁴¹ Sir Nicholas commented that that statement appeared to be based on some work done in the Treasury to which he had not had access. He also told us that he had never been summoned to discuss anything with a present DCMS minister, so there had been, as far as he was concerned, “an aching void”.²⁴²

126. Before our final oral evidence session, Sir Nicholas had met the Minister for Culture, who told us that the position in DCMS was that the Goodison Review was a good report and “Goodison opens the window in relation to tax relief for the first time and certainly those within the museum and arts sector indicate to me that they think that there will be advantages. Sir Nicholas says to me that in writing and putting together his report, he spoke to a number of wealthy individuals who believe that these sorts of tax incentives would mean that they would give, and I have no reason to dispute that”.²⁴³ He also told us that DCMS was redoubling its efforts in relation to philanthropy, and was in dialogue about the Review with the Treasury, which had raised certain issues about the evidence base to support tax relief in relation to art and the art market as recommended by Sir Nicholas.

127. Representatives of the MLA were clearly keen to see a more liberal regime on tax treatment of philanthropy and donation, which could help the museums sector as it has in

237 *Protecting and Preserving our Heritage*, Third Report of the Culture Media and Sport Committee, Session 2005–06
Written Evidence HC 912–II Ev 158

238 Ev 172 Q 184

239 Ev 172 Q 186

240 Ev 175 Q 208

241 HL Deb 30 October 2006 GC54

242 Ev 173 Q 197

243 Ev 255 Q 368

other countries. They believed that Sir Nicholas' recommendations were very well thought through, very thorough and were not that radical: there was a logic to these arguments which was persuasive. They had tried arguing the case to the Treasury but said that they needed to keep regrouping and arguing the case again.²⁴⁴

128. Sir Nicholas has told us that, while he has still not received any ministerial response to his review, there has now been contact with Treasury officials and he was pleased to know that they were interested in finding ways of encouraging philanthropy; but they had been entirely negative on his proposals for reforming acceptance in lieu and conditional exemption, nor was there any enthusiasm for his proposals for tax concessions on gifts of works of art and culture. Nevertheless he hoped that he would be invited to take part in discussions which would follow completion of research which the Treasury had commissioned into the effects of tax concessions on people's urge to give.²⁴⁵

129. We share the disappointment of Sir Nicholas Goodison—and many others involved in the museum sector—at the lack of progress on taking forward the recommendations which he made in his Review to encourage philanthropy. We are particularly disappointed that so much time has been spent without any visible result on the question of whether the existing inducements could be used more, to the exclusion of carefully thought through modifications which the sector believes would make them more widely attractive. Opportunities to enhance collections are being lost. It is very disappointing that, two years on, we can only reiterate the words our predecessor Committee used in 2005. “We note that the DCMS has implemented the Goodison recommendations in so far as they apply to the Department. We look to the Treasury to follow suit. Where it does not do so, justification, if any, for the corresponding decisions should be published.” Sir Nicholas undertook his review at the request of the Chief Secretary and is entitled to expect a reasoned response from the same level to the recommendations he has made.

Disposal from collections

130. Museums' powers to dispose of, or “de-accession”, objects from their collections vary between the strictly limited powers set out in the legislation governing national museums and a total absence of legal constraints for some museums and galleries. The powers of the national museums are not identical, but those of the British Museum may be regarded as fairly typical. The trustees' general powers are limited to the disposal of objects which are duplicates, of objects which are unfit to be retained, of those which have become useless for the museum's purposes or of pre-1850 printed matter of which they hold photographic or other copies.²⁴⁶ Special new powers of disposal have been added to cater for special situations where these limitations have stood in the way of returning objects in response to acknowledged moral claims by former owners or their successors. One example of such a power, introduced by the Human Tissue Act 2004, enables the Trustees of the British

244 Mr Mark Wood, Chairman, Ev 228 Q 334

245 Ev 304

246 British Museum Act 1963, ss3,5,9

