



OFFICE OF ARTS AND LIBRARIES
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 London SW1P 3AL
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From the Minister for the Arts

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 amb
 24/7*

CF: pp. psc.

*Dmb
 25/7*

The Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 2 Marsham Street
 LONDON SW1P 3EB

18 July 1984

Dear Secretary of State,

DRAFT RESPONSE TO SELECT COMMITTEE ON EDUCATION, SCIENCE AND THE ARTS ON GLC/MCC ABOLITION

You may remember that the Select Committee produced a report on the effect of GLC/MCC abolition on support for the Arts just after my own announcement on 11 April.

We owe the Committee a reply. Since there is not very much more to say, I think it better to send a letter to William van Straubenzee as Chairman of the Committee, rather than issue a further White Paper.

... I attach the draft of a letter. It incorporates three new decisions:

- (a) to turn the Merseyside Museum and Art Gallery Service into a statutory grant-aided body;
- (b) to fund the existing charitable trust for the Greater Manchester Museum of Science and Industry Directly via grant-in-aid;
- (c) to transfer responsibility for the London historic house museums (Kenwood, Marble Hill House and Rangers House) to the Historic Buildings and Monuments Commission.

have requested

I wrote to you about the first and second of these on 27 June, and the Prime Minister has indicated her provisional approval; the third has been discussed and agree with your officials.

I should like if possible to write to the Chairman before Parliament rises, and should be grateful if you could let me know whether you are content with the draft reply by 24 July.

Copies of this letter, with the same invitation, go to the Prime Minister, Willie Whitelaw, Quintin Hailsham, Peter Rees, Keith Joseph, George Younger, Nicholas Edwards, John Biffen and Sir Robert Armstrong.

Yours sincerely,

Mary Bowne (authorised by
Lord Gowrie and signed on
his behalf).

LORD GOWRIE

DRAFT LETTER FROM THE MINISTER FOR THE ARTS TO
THE CHAIRMAN OF THE SELECT COMMITTEE ON EDUCATION,
SCIENCE AND THE ARTS

I have carefully considered the recommendations of the First Report of the Select Committee on Education, Science and the Arts on the Effect of the Abolition of the Greater London Council and Metropolitan Counties upon Support for the Arts; and I am now writing to let you know the Government's response.

2. In addition to the Committee's own recommendations, some 600 representations were received from arts bodies, local authorities and Members of both Houses, following the publication in October 1983 of the Government's Consultative Document on this matter. These representations revealed two main areas of public concern. The first was the undesirability of linking museums and galleries with national institutions; the second was the prospect that the cost of replacing GLC and MCC support for the many regional arts activities which were located mainly in inner areas, would prove too great a burden for the district and borough councils directly concerned. The Government has sought to respond positively to these concerns.

THE OBJECTIVES

3. In its evidence to the Select Committee the Government again made clear its intention that the arrangements for public support for the arts in the GLC and MCC areas, after reorganisation, should permit the continuation of existing public expenditure plans in the field.

4. The Committee evidently shares this general approach, and I am glad that many of its comments and detailed

recommendations are broadly in line with the Government's thinking as set out in the announcement which I made on 11 April 1984 (a copy of that announcement is attached for ease of reference). There are, however, some differences between the Committee and the Government: some of these are matters of emphasis or scale, while others concern questions of practicability or the choice of appropriate machinery for achieving the objectives.

GENERAL AREAS OF BROAD AGREEMENT

5. I welcome the emphasis which the Committee have given to funding by the successor borough and district councils of essentially local and sub-regional arts facilities and activities; and I have also noted with satisfaction a similar emphasis in the Arts Council's recent Strategy Document for the 1980s, "The Glory of the Garden". I endorse much of what the Committee says about an enhanced role for the Regional Arts Associations and the value of "challenge grants" in stimulating local authority and private contributions - aspects again reflected in "The Glory of the Garden". We are also substantially in accord on the questions of providing extra central funding for the national companies and other major arts and museum bodies of national or international standing directly affected by the abolition of the GLC and MCCs; and, in the case of the performing arts, on doing so by an addition to the Arts Council's resources without reference to a "national list" of identified recipients.

ARRANGEMENTS ANNOUNCED BY GOVERNMENT

6. These points are accordingly reflected in my 11 April announcement of additional central funding of £34 million in 1986-87, and equivalent sums in

later years. In describing below how I envisage this money will be disbursed in each sector, I will deal also with the Committee's more detailed recommendations in these respects.

THE PERFORMING ARTS

7. £16 million is to be made available to the Arts Council of Great Britain to enable it to look after the needs of the bodies identified in the Consultative Document, including the South Bank, and other major performing bodies at present receiving grants from the GLC and Metropolitan Counties. There will be no national list of named bodies selected for this treatment. Instead, it will be for the Arts Council to decide, in consultation with such other bodies as it thinks fit, on the individual allocation of these funds, whether directly to the arts bodies concerned, or through the Regional and Greater London Arts Associations. The Government expects, however, that in order to ease the transition most of the £16 million will be spent, at least for the first few years, in the GLC and MCC areas. £1 million will similarly be provided to the British Film Institute for the support of film activities at present assisted by the GLC and Metropolitan Counties.

MUSEUMS AND GALLERIES

8. £17 million will be provided to meet the costs of the major museums and galleries. Unlike the performing arts, there is in the museums field at present no legally incorporated body with the power to make grants to museums and galleries. Discussions are in hand with the Museums and Galleries Commission on the preparation of a charter for that purpose, and also on its future

staffing needs, so that it may be able to play a part in the channelling of funds as appropriate.

9. The patterns of funding will necessarily differ between the museums and galleries affected, according to their particular circumstances, and in some cases the details have yet to be settled. I envisage that the Museums and Galleries Commission would, for example, be the channel for the recurrent central funding which I have announced will be made available to encourage the continuation of integrated local museum services through voluntary cooperation between (and largely financed by) successor district councils. It will be for those councils to decide whether to establish trust bodies for this purpose, as the Committee has recommended; the Office of Arts and Libraries and the Commission will be ready to advise them.

10. For the Manchester Museum and Whitworth Art Gallery, the University Grants Committee will make available via its grant to Manchester University sums equivalent to the present Greater Manchester Council's partial grants. The University will in turn be expected to channel these sums to the Museum and Gallery. For the first three years, the appropriate sums will be "earmarked" for the Gallery; thereafter allocation will be a matter for the university. This will be in line with the funding of other university museums. For the Greater Manchester Museum of Science and Industry, already constituted as an independent charitable Trust and wholly financed by the metropolitan county council, central funding will be provided as a grant-in-aid directly from the Office of Arts and Libraries. Appropriate adjustments will be sought to the Deed of Trust to reflect the change in the source of funding. For Merseyside, a statutory body corporate will be established, covering both the Museum

and Art Gallery Services, and broadly similar to existing national trustee museum bodies. It will be financed by grant-in-aid and thus be accountable to the Minister and Parliament. This reflects the Government's view that the Museum and Art Gallery Service on Merseyside is of a scale and character that merits such a status; and that significant local funding contributions, which the Committee had envisaged, are unlikely to be forthcoming.

11. I am particularly conscious of the careful thought that the Committee has given to the position of London's Museums and Galleries. I have already announced that arrangements will be made for the central funding of the London Historic House Museums (Kenwood, Marble Hill House, and Ranger's House): these, together with the GLC's Historic Buildings Division, will become the responsibility of the Historic Buildings and Monuments Commission, with appropriate financial arrangements. This is partly in line with the Committee's thinking; but it also embodies the Government's view that responsibility for these houses and for the Historic Buildings Division with which they are closely connected should go together, and that their scale is too small to justify separate trustee status and direct financing. In the case of the Museum of London, funding will as previously announced be shared between the Government and the Corporation of the City of London; the precise apportionment is under consideration. I have been impressed by the weight of representation in favour of maintaining the strong existing links between the Geffrye and Horniman Museums with the educational world, and I welcome the Committee's support of this principle. I have however come to the conclusion that this will be best achieved by devolving responsibility for these two institutions to the successor body to the

ILEA. I believe that the objections voiced during the consultations to the original proposal to link them to national trustee museums apply with equal force to the Committee's suggestion of a link with the Museum of London.

12. Some details of the funding arrangements for museums remain to be settled in discussion with the Museums and Galleries Commission and with other interested bodies. The Government will especially welcome the contribution of the Commission to any decisions that may be required in the near future to deal with any problems confronting individual institutions and to safeguard their longer term interests. Indeed, looking further ahead in the light of the Committee's own observations, I envisage an enhanced role for the Commission in relation both to the institutions directly affected by abolition and more widely in the museum field generally. I will be exploring possibilities with the Commission in the months ahead.

THE SOUTH BANK

13. I have, naturally, given very careful consideration to the Committee's recommendations concerning the future of the South Bank complex, the effect of which would be contrary to the Government's original proposals that the complex should be administered and funded as a single unit by an independent Board of Management, answerable to the Arts Council of Great Britain (ACGB).

14. The Royal Festival Hall and the associated concert halls on the South Bank are at present owned and operated by the GLC, which also owns the freehold of the adjacent buildings occupied by the National Theatre, the Hayward Gallery and the National Film Theatre. I have not been persuaded that it would be right to divide the complex

by transferring the freeholds to the constituent bodies, leaving only the concert halls to be managed by the ACGB or a Trust as suggested by the Committee.

15. The South Bank as a whole is a focus for a wide range of major arts activities and constitutes a recognised international venue, which benefits all those associated with it. It thus already has the character of a national arts centre, and I attach importance to developing it further in this way. It is, in the Government's view, essential to establish a satisfactory administrative framework for the future of the complex within which those developments can take place. The Government, therefore, sees no reason to alter its original proposal to transfer all these assets from the GLC to the ACGB, a proposal welcomed in principle by the latter. The OAL and the ACGB have now begun consideration of new management structures for the South Bank as a whole, which at the same time should safeguard the future position of constituent bodies such as the British Film Institute and the National Theatre.

OTHER MATTERS

16. I have noted the Committee's recommendation that the historic theatres at present owned by the GLC should be transferred to the Theatres Trust. I am aware that discussions are already under way between the GLC and the Theatres Trust to accomplish such a transfer. Provided that satisfactory financial and legal arrangements can be made, I would welcome such an outcome.

17. The Committee made a number of recommendations about the introduction of arts grants to successor authorities in the GLC and MCC areas; the imposition

of a statutory duty on those authorities to have regard to the spending levels and provision for arts responsibilities they inherit from upper tier authorities; and the refinement of grant-related expenditure assessments for the arts. On the first of these, the Government's view is that the announced central funding together with developments such as the Arts Council's regional strategy make it unnecessary to contemplate a scheme of specific grants to local authorities for arts purposes. Removal of the cost of major arts bodies from the successor authorities will leave them better placed to support essentially local activities or new initiatives. The proposal for a statutory duty should likewise be unnecessary; and it would be unworkable in the form put forward by the Committee, since the previous spending levels and broad patterns of provision would be hard to define in the naturally changing circumstances of the arts, and a requirement simply to "have regard" would be ineffective. Underlying its reaction to both these recommendations, moreover, is the Government's belief that the vitality of the arts will be better served if, apart from the major regional bodies already discussed, decisions on which local activities to fund and on what scale are taken at local level and not imposed from above. On the third recommendation, however, the Government will consider whether it is practicable to introduce greater clarity into the presentation of its public expenditure plans for the various sectors of local arts spending, and to refine the methodology of the grant-related expenditure assessments for the distribution of Rate Support Grant. As the Committee was told in evidence, grant distribution arrangements will in any event need to be adjusted when the upper tier's functions are transferred, and we are taking the opportunity to review the GRE methodologies for the arts. We hope to make progress on these matters

during the coming months, though it is important to bear in mind both the practical limitations in devising workable methodologies which equitably reflect objective needs to spend on the arts locally, and the fact that the arts form a relatively small proportion of total local authority expenditure and the Rate Support Grant is itself a block grant not earmarked for particular services. Greater refinement in RSG arrangements may not, therefore, necessarily lead to different patterns or levels of local arts spending.

CONCLUSION

18. In conclusion, I believe that after a long period of consultation and careful consideration of the mass of detailed evidence submitted by interested bodies and individuals on the funding of the Arts, to which the Select Committee has made an important contribution, a firm funding basis has been decided on by the Government which will allow the continuation of the high standards achieved over the years by the many forms of arts activities flourishing in this country. It is not the wish of the Government to bring about a rigid centralisation of funding or control of artistic activity. On the contrary we look for an appropriate balance of support, both public, and private and commercial, for their continuing development; and a flexible framework for channelling central funds which, in the words used by the Arts Council's Chairman to describe the Council's future policy, will encourage and respond to local initiative in helping to create new institutions and to strengthen old ones.

and of the other major performing bodies at present receiving grants from the GLC and Metropolitan Counties.

While individual funding decisions will be a matter for the Arts Council, the Government will expect that, in order to ease the transition, most of the £16 million will be spent in the GLC/MCC areas, at least for the first few years.

The arrangements originally proposed for the South Bank remain unchanged; the Government will make over the site and its buildings to the Arts Council for the complex to be administered as a single entity. Further discussions on the details will be held with the Arts Council and the bodies concerned.

£1 million will be provided to the British Film Institute for the support of film activities at present assisted by the GLC and Metropolitan Counties.

£17 million will be provided to meet the costs of the major museums and art galleries. The revised arrangements will be as follows:

- a. As originally proposed, the funding of the Museum of London will be shared between the Government and the Corporation of the City of London;
- b. The Geffrye and Horniman Museums will devolve to the successor body to ILEA;

- c. It is proposed that an amount equivalent to the present Greater Manchester Council's contributions to the Manchester Museum and the Whitworth Art Gallery should be channelled through the University Grants Committee and the University of Manchester;
- d. There will be central funding for the Greater Manchester Museum of Science and Industry; the London Historic House Museums - Kenwood, Marble Hill House and Rangers House; and for the Merseyside County Museum Service, the Walker Art Gallery and its outstations.
- e. For the other Metropolitan Counties such as Tyne and Wear, the Government hope that the district councils will co-operate to keep an integrated museum service where this has been established. In order to assist in this, some central funds will be made available.

Apart from (a), (b) and (c) above, where specific arrangements have been indicated, precise methods of funding will be discussed with the Museums and Galleries Commission and the parties concerned in the light of such views as may be expressed in the forthcoming Report of the Select Committee on Education, Science and the Arts.

The expenditure consequences will be contained within the Government's published plans for total public expenditure.

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20 JUL 1984

WRITTEN ANSWERS
11 APRIL 1984

Lord VAIZEY to ask Her Majesty's Government:

Whether the Government has yet decided on the arrangements for the future funding of the Arts following the abolition of the GLC and Metropolitan County Councils.

The EARL of GOWRIE:

The Government have taken decisions on the Arts which modify and extend the original proposals as set out in the White Paper "Streamlining the Cities" (Cmnd 9063) and detailed in its consultation paper published simultaneously last October.

The original proposals were to fund nine performing bodies centrally; to attach five major museums and art galleries to appropriate national institutions; to transfer the South Bank complex to the Arts Council; and to leave the remaining arts activities to be supported by the borough or district councils, either singly or in co-operation.

I have received over 600 representations on these proposals from arts bodies, local authorities and hon Members. Two main anxieties were expressed, and the Government have decided to meet them both. The first was the undesirability of linking museums and galleries with national institutions. This will not now be pursued. The second related to the large number of arts activities which are important to the life of their regions and are mostly located

in inner city areas. The view was strongly expressed that the cost of replacing GLC and Metropolitan County support for such activities would prove too great a burden for the district or borough councils concerned. The Government accepts that there is some substance in this.

I remain convinced of the value and importance of local funding. Boroughs and districts will be expected to make their contribution. This applies particularly to local activities within their own boundaries, but some will wish to go further. A lively arts environment brings economic as well as social and cultural benefits to the community, and each tier of government should recognise this with an appropriate level of support. However, the concentration within the Metropolitan areas of arts institutions of wider significance calls for special measures going beyond those announced in the White Paper.

The Government will therefore make available £34 million in additional central funding in 1986-7, and equivalent sums in later years, to be used in England in the following ways.

£16 million will be made available to the Arts Council. This will enable the Arts Council to look after the needs of the bodies identified in the consultation paper, including the South Bank,



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From the Minister for the Arts

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31/7*

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
LONDON SW1P 3EB

30 July 1984

Patrick Jenkin
- with AT

ESTABLISHMENT OF A TRUSTEE MUSEUM AND ART GALLERY SERVICE ON MERSEYSIDE

Thank you for your letter of 25 July. I was pleased to learn of your agreement to the statutory basis for this new trustee today, the more so because it comes in time for us to announce it next Tuesday both in your statement on functions, and in my letter of reply to the Chairman of the Select Committee on Education, Science and Arts, and associated Written Question.

I agree with what you say about there being some presentational disadvantages for us, but there will also be some advantages in terms of national recognition and depoliticisation of the institutions concerned, and I shall of course make the most of these positive aspects.

I also accept that we cannot risk creating hybridity in the Bill, and am content to see an enabling power in the Bill to create the new body by Order in Council.

Copies of this letter go to the Prime Minister, colleagues on MISC 95, and Sir Robert Armstrong.

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LORD GOWRIE

Local Govt Relations

PT 21



30 JUL 1984

CCND

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

25 July 1984

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26/7

Dear Guy,

FUTURE ARRANGEMENTS FOR THE COUNTY MUSEUM SERVICE AND WALKER
ART GALLERY, MERSEYSIDE

Thank you for your letter of 27 June about arrangements for the central funding of the Merseyside County Museums and the Walker Art Gallery and its outstations.

First of all let me say that I quite appreciate the reasons which have led you to conclude that it will be necessary to set up a new statutory body in Merseyside to take over the main museums and galleries. In view of the substantial amount of central funding involved, I see the force of the argument that a charitable body with a deed of trust would not provide a sufficiently firm basis for proper management and financial control.

I also recognise that your paper to MISC 95 (MISC 95(84)8) gave warning that it might be necessary to make provision in the Bill. We did not, however, at that stage address ourselves to the details of implementation as opposed to finance; and I have to say that the establishment of another quango does raise presentational difficulties.

Although the body would inherit only a very limited element of present MCC functions (and would thus differ from others we are being pressed to establish), the distinction is likely to be lost on many supporters and opponents alike. Moreover, as you will appreciate, our supporters in the area would not welcome the creation of another body which appears to recognise the continuance of 'Merseyside'. For that reason alone I am grateful for your assurance that another name will be found.

I accept that, from your point of view, there would be considerable advantages in terms of precedent and prestige in establishing the quango on the face of the Bill. However, I am advised that including provision for a Merseyside museums and galleries body with no similar provision in other metropolitan counties) could make the Bill hybrid. That is a risk that we cannot run; and it will therefore be necessary to provide a general enabling power to establish a body to run institutions of national importance in any metropolitan county. We should, of course, make it clear in the debates on the Bill that we would not see a need for such a body in any county other than Merseyside.

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CONFIDENTIAL

Against this background, I agree - albeit with some reluctance - that the body which you propose will need to be a statutory one. However, the threat of hybridity rules out specific provision in the Bill; and we shall have to proceed by way of a general enabling power. To go some way towards meeting the point you make about prestige, we could however provide in the order-making power for the use of the Order in Council procedure.

Copies of this letter go to colleagues on MISC 95, to the Prime Minister and to Sir Robert Armstrong.

You see
Patrick

PATRICK JENKIN



1877



WBP

AT

30/7

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

27 July 1984

Dear Lord Gower

Thank you for your letter of 19th July, enclosing the draft of a letter that you propose to send to the Chairman of the Select Committee on Education and Science, and the Arts in response to their report on the effect of GLC/MCC abolition on support for the arts.

I am broadly content that you should write in these terms, and I suggest that you might time your letter so as to coincide with the issue on 31 July of our paper on "The Government's proposals for Transferring functions to London Boroughs and Metropolitan Districts" - since that will be incorporating the same announcements. I would however be grateful if you would consider minor amendments on several points.

First, on the Merseyside proposals, although I am, as you know, persuaded of the need to set up a statutory body to take over the Merseyside museums and the Walker Art Gallery and its outstations, I should prefer not to say so specifically at this stage. This would be in line with the wording we are including in my "Functions" paper - on advice from Parliamentary Counsel. If we use the phrase "statutory body", Parliament may expect us to be more explicit about the power under which it will be established; and, on this, I would prefer not to be drawn before introduction of the Abolition Bill.

I am also concerned that your text as it stands (para 10) gives the impression that the whole existing County Museum and Art Gallery service will be centrally funded, when this is not our intention.

Secondly, I understand that the Historic Buildings and Monuments Commission are sensitive about the terms in which the proposed transfer of the LGC's historic house museums and the Historic Buildings Division is presented. As you know their agreement is conditional upon satisfactory arrangements being reached on finance and staffing; and it would in particular be dangerous to give any apparent commitment that the Division will necessarily be maintained in precisely its present form. I suggest, therefore, that what is said to the Select Committee (para 11 of your response) should follow more closely the wording of earlier announcements which the Commission themselves have agreed. In the same paragraph you can now refer to the "new ILEA" since we shall announce this decision in the functions paper.

Thirdly, on the South Bank (your para 15), I understand that

our officials are considering whether it would in practice be desirable to transfer the freehold of the whole site to the Arts Council, since considerable responsibilities and obligations unconnected with the arts (eg maintaining and lighting the embankment and walkways) attach to it. In view of this uncertainty, I think it better to stick to the rather looser wording of our original proposal to transfer responsibility for the "complex" rather than the "assets" to the Arts Council.

Fourthly, I fully appreciate your wish to react positively to the possible transfer of the GLC's historic theatres to the Theatres Trust (para 16 of your draft). The amendments which we have been forced to table to the Paving Bill will, however, be likely to make any transfer subject to my consent. In these circumstances it would be inappropriate to express support in such a way as to imply commitment before we know the details of any arrangements which I shall have to consider. A more neutral and conditional expression of welcome would, therefore, be advisable.

Finally, I am concerned that the treatment of financial issues in your draft response (para 17) is a little confused; and in particular that the references to imminent changes in GRE methodology for the arts are premature.

On all these points the suggested redrafts in the enclosed annex (together with the two other textual points recorded above) would fully meet my anxieties, if you are willing to accept them.

I am copying this letter to the Prime Minister, Willie Whitelaw, Quintin Hailsham, Peter Rees, Keith Joseph, George Younger, Nicholas Edwards, John Biffen and Sir Robert Armstrong.

Yours sincerely

Patrick Jenkin
for
PATRICK JENKIN

*Approved by the Secretary of State
and signed in his absence.*

PROPOSED AMENDMENTS TO RESPONSE TO SELECT COMMITTEE

Paragraph 10, Lines 17-20 - for sentences 7 and 8 substitute:

'For Merseyside a body will be established covering both the County Museum and the Walker Art Gallery and its outstations. It will be set up on broadly similar lines to existing national trustee museum bodies and will be accountable to the Minister and to Parliament.'

Paragraph 11, Lines 1-16 - substitute

' I am particularly conscious of the careful thought that the Committee has given to the position of London's Museums and Galleries. I have already announced that ownership and management of the three London Historic House Museums (Kenwood, Marble Hill House and Ranger's House) - with appropriate central funding - will pass to the Historic Buildings and Monuments Commission, which has also indicated its willingness to take on the GLC's Historic Buildings Division. This is partly in line with the Committee's thinking but also embodies the Government's view that responsibility for these houses should be kept with the Historic Buildings Division (with which they are closely connected) and that their scale is too small to justify separate trustee status and direct financing.'

Paragraph 16, Final sentence - substitute

'Provided that acceptable financial and legal arrangements were made, this would be a welcome development.'

Paragraph 17 - substitute

'The Committee made a number of recommendations about the introduction of arts grants to successor authorities in the GLC and

MCC areas; the imposition of a statutory duty on those authorities to have regard to the spending levels and provision for arts responsibilities they inherit from upper tier authorities; and the refinement of grant-related expenditure assessments for the arts. On the first of these, the Government's view is that the announced central funding together with developments such as the Arts Council's regional strategy make it unnecessary to contemplate a scheme for specific grants to local authorities for arts purposes. The proposal for a statutory duty would likewise be unnecessary. It is the Government's belief that the vitality of the arts will be better served if, apart from the major regional bodies already discussed, decisions on which local activities to fund and on what scale are taken at local level within the resources available and not imposed from above. On the third recommendation, however, the Government will consider whether to refine the methodology of the grant-related expenditure assessments for the distribution of Rate Support Grant. As the Committee was told in evidence, grant distribution arrangements will in any event need to be adjusted when the upper tier's functions are transferred. As to changes in the GRE methodologies for the arts, it is, however, important to bear in mind both the practical limitations in devising workable methodologies which equitably reflect objective needs to spend on arts locally, and the fact that the arts form a relatively small proportion of total local authority expenditure and the Rate Support Grant is itself a block grant not earmarked for particular services.

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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Lord Gowrie
Minister for the Arts
Office of Arts & Libraries
Great George Street
LONDON
SW1

25 July 1984

Alan Gray

DRAFT RESPONSE TO SELECT COMMITTEE ON EDUCATION, SCIENCE AND THE ARTS OF GLC/MCC ABOLITION

Thank you for copying to me your letter of 18 July to Patrick Jenkin.

I have only one comment on the draft response. Your original consultation paper contained the sentence "The Government's intention is that the arrangements for public support of the arts in the GLC and MCC areas after reorganisation would permit the continuation of existing public expenditure plans in this field'. This formulation was arrived at, with some difficulty, in discussion between our officials to avoid any appearance of conflict between our general stance on local authority expenditure (and the necessity of abolition) and the desire that abolition should not be seen as posing a serious threat to the present level of local authority expenditure on the arts.

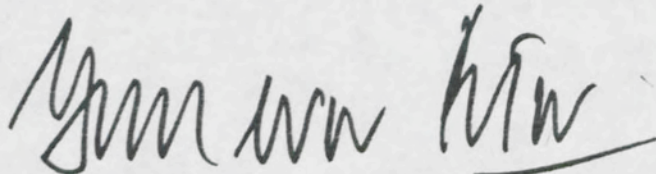
In Chapter II of their report the Committee explore the implications of the sentence, in the light of other Ministerial statements, and say 'we interpret this to mean that should there be a shortfall in lower-tier arts spending, the Government will make good that expenditure and the total amount will be no less than the amount actually spent now, allowing for inflation.'

That is of course one of the things the sentence was carefully designed not to say. I do not ask you, in your response, to refute the Committee's interpretation. However I think it important that the terms of the response should not give colour to any suggestion that in it we confirm the Committee's

view of the nature of our 'pledge', as they describe it.

From that point of view, I think paragraphs 3 and 4 of the draft are dangerous. I suggest that you omit paragraph 3 (and its side-heading) altogether. Paragraph 4 could then begin 'I am glad that many of the Committee's comments and detailed recommendations are broadly in line with the Government's thinking as set out...'

I am copying this letter to the Prime Minister, Willie Whitelaw, Quintin Hailsham, Patrick Jenkin, Keith Joseph, George Younger, Nicholas Edwards, John Biffen and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Peter Rees', written in a cursive style.

PETER REES

Loc m Gov: Pelatui: R+21

25 JUL 1984





CWO

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Earl of Gowrie
Minister for the Arts
Office of Arts and Libraries
Great George Street
LONDON
SW1P 3AL

25 July 1984

*wh pm
Dubs
25/4*

Dear George,

DRAFT RESPONSE TO SELECT COMMITTEE ON EDUCATION, SCIENCE
AND THE ARTS: GLC/MCC ABOLITION

Thank you for sending me a copy of your letter of 18 July
to Patrick Jenkin about your proposed response to the Select
Committee.

In theory there is nothing in the additional measures you
propose which could lead to increased calls for central
funding of the arts in Scotland. I am therefore quite content
that you should reply to the Select Committee as you propose.
It is only fair to warn you, however, that this public
reminder of the special measures being taken in England is
bound to remind those arts bodies which have suffered
from the effects of local government reorganisation in
Scotland that no similar arrangements have been made for
them; and the Scottish bodies affected do, of course, fall
under your responsibility rather than mine.

I am copying this letter to the Prime Minister, Patrick Jenkin,
Willie Whitelaw, Quintin Hailsham, Peter Rees, Keith Joseph,
Nicholas Edwards, John Biffen and Sir Robert Armstrong.

Yours was,

George.

Local Govt Relations

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25 JUL 1984



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DEPARTMENT OF TRADE AND INDUSTRY
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Secretary of State for Trade and Industry

10 July 1984

The Earl of Gowrie
Minister for the Arts
Office of Arts and Libraries
Great George Street
LONDON
SW1P 3AL

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D. Gouy

FUTURE ARRANGEMENTS FOR THE COUNTY MUSEUM SERVICE AND WALKER ART GALLERY, MERSEYSIDE

Thank you for copying to me your letter of 27 June to Patrick Jenkin.

2 I welcomed your announcement of public funding for the County Museum Service and the Walker Art Gallery, which are substantial elements of tourism in Merseyside. Given the scale of the funding, my view is that there must be the due level of accountability which would be provided by the implementation of Option (c) in the annex to your letter.

3 I am copying this letter to the Prime Minister, colleagues on MISC 95, and to Sir Robert Armstrong.

Norman Tebbit

NORMAN TEBBIT

Local Govt : Relations #21

11 JUL 1984

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10 DOWNING STREET

From the Private Secretary

2 July 1984

The Arts in Merseyside

The Prime Minister has seen a copy of Lord Gowrie's letter of 27 June to the Secretary of State for the Environment about future arrangements for the Merseyside County Museum Service and the Walker Art Gallery.

Subject to the views of members of MISC 95, the Prime Minister is content with Lord Gowrie's proposals.

I am sending copies of this letter to Private Secretaries to members of MISC 95, and to Richard Hatfield (Cabinet Office).

David Barclay

Mrs. Mary Brown,
Office of Arts and Libraries.

ls

- 1) Mr Turnbull
- 2) Prime Minister (2)



To note Lord Gowrie's
proposal for a new
arts body for
Merseyside.

OFFICE OF ARTS AND LIBRARIES
Great George Street
London SW1P 3AL
Telephone 01-233 8610

From the Minister for the Arts

*DMB
29/6*

27 June 1984

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
LONDON SW1P 3EB

Gen Patrick

FUTURE ARRANGEMENTS FOR THE COUNTY MUSEUM SERVICE AND WALKER
ART GALLERY, MERSEYSIDE

will request if required

As you and other colleagues know, I announced on 11 April that central funding would be available for the Merseyside County Museum Service and the Walker Art Gallery and its outstations. I have been further considering the best form of this central funding, and I am now writing to you to seek the agreement of members of MISC 95 to my preferred solution.

I have concluded that there should be a single statutory museum and art gallery body established in the Abolition Bill on the lines of existing similar bodies such as the Victoria and Albert Museum or the British Museum. It would be responsible for the main museum and gallery services, but not for the historic houses now run by Merseyside, which should pass to the districts. Attached to this letter is an annex which summarises the three possible options, which have been discussed in greater detail among our various officials.

The main reasons for establishing such a body are:

- a) it will be totally funded by central government and we should seek statutory Trustee status on grounds of clarity, control and accountability;
- b) the annual revenue costs will be about £6m in 1986, a considerable commitment of resources which place it financially fifth on our Museums and Galleries budget (about the same as the Tate Gallery);

c) it merits clearly such a status - the collections are of national and international standing;

d) by making this a statutory body we are reflecting its size and status and can resist requests for similar treatment from other, much less prestigious, provincial museums and galleries;

e) by combining the Museum and Art Gallery we shall achieve administrative efficiencies and economies not possible if they separated in either statutory or non-statutory form, and

f) we shall be acknowledging as a national asset the Liverpool-centred collections. This should carry some political weight, as well as securing the collections against the uncertainties of the local political scene.

I have been assured that such a statutory Museum and Art Gallery Service will be approved of, both by those in the profession and more generally by informed opinion in the region. It will undoubtedly add to the multitude of problems we face in preparing this Bill, not least because Merseyside Metropolitan Council are proving intransigent at the moment in refusing to provide information. But for the reasons I have briefly set out, I am sure we must create this body in statutory form, while finding a name for it which does not include "Merseyside".

Copies of this letter go to colleagues on MISC 95, to the Prime Minister and to Sir Robert Armstrong. I should be grateful for an early agreement so that instructions to counsel can be completed.

Lynn,
e/ly

LORD GOWRIE

OPTIONS FOR CENTRAL FUNDING OF THE MERSEYSIDE MUSEUM SERVICE AND WALKER ART GALLERY

The Problem

The Government's original proposal was to fund the Walker Art Gallery alone and link it with the Tate Gallery. This proved totally unacceptable, and failed to take account of the size and importance of the Museum Service. On 11 April the Minister for the Arts announced central funding for the Museum Service and for the Walker and its outstations. In 1986-87 this will be about £6m out of the £17m allocated to the major museums and galleries affected by abolition. The next largest recipient of these additional central funds will be the Greater Manchester Museum of Science and Industry, to which £1m will be allocated.

2. A decision is needed on the provision to be made for the future ownership and management of these Merseyside Services. At present they are federated services; each has a Director who reports to the Arts and Culture Committee of the Merseyside MCC, but they share extensive common services and operate in a well-integrated way. The Government has not defined in detail what exactly the future Museum Service will consist of. Many will no doubt wish us to take on all the existing components of the Service, but it seems better to leave to the district councils any part which either is not strictly a museum (so Croxteth Hall and Park should go to Liverpool City Council), or is a legitimate local interest (so the part share in the Prescott Museum should go to Knowsley District Council, and possibly the repairing lease on Speke Hall

should also go to Liverpool CC). There is no good reason to take over the present Merseyside structure in its entirety and if the historic houses are not devolved, the total cost of the whole operation would be nearer £7.3m in 1986-87.

3. There are three options for consideration:

(a) The creation of a non-statutory Trustee body to run both the Museum and the Art Gallery; this would be a charitable body with a Deed of Trust.

(b) The creation of two such non-statutory bodies to run the Museum and Art Gallery as two separate institutions.

(c) The creation of a single statutory Trustee body similar to the existing national museums and galleries. This would be grant-aided, have the buildings and collections vested in the Trustees and have charitable status.

Option (a)

4. For this option is the practical advantage of avoiding the need for statutory provision in an already long and complex Bill. It would be necessary to draw up a charitable Deed of Trust, which would specify the number of Trustees, and the objectives for the body. It would be grant-aided, and we could require it to be subject to audit by the C & AG. But inevitably its financial and management regimes would not be subject to firm and clear control in the way that a statutory NDPB would be, and the lines of accountability for a substantial slice of public money would be less clear. Pressure

could be brought to bear on the Trustees by, for example, an unsound City Council seeking to change the Deed of Trust. There is also some risk of creating a precedent which existing National Museums and Galleries might be tempted to seek to follow. And because the Deed of Trust would need a reversionary clause in the event of the Trust failing in any way, we would be seen as postponing the proper public ownership of the institutions and their collections whose dispersal or disposal would be entirely unacceptable.

Option (b)

5. This is a variant of option (a). It has the same advantage as option (a). But it suffers from the same disadvantages, plus three more:-

(a) because it would involve setting up two charitable trust bodies, it increases the complications of setting up;

(b) because it would involve breaking up the existing common services, eg on personnel administration and buildings, it would be more expensive;

(c) the Art Gallery plus outstations is, by itself, relatively small (£1.7m a year). If we set up a new charitable trust to run a body of this size, wholly financed by central government, other local authorities are likely to press for complete central funding of their own museums, eg Tyne and Wear.

Option (c)

6. The creation of a statutory single Trustee body to own and manage both the Museum and Art Gallery would properly reflect both the 100% funding by Government, and the

status and size of the collections. There is evidence that it would be popular in the region, and a feather in their cap since it will be the only museum body in England outside London with national status. Current philosophy and practice strongly suggest that a body of this size, wholly financed by central government, should have a statutory basis which clearly lays down its relationship with central government. The most appropriate financial arrangements for achieving this, as well as allowing for maximum flexibility, would be grant-in-aid.

7. There will be difficulties in drafting satisfactory clauses, given the unco-operative mood of the Merseyside County Councillors, and the scale of effort in effecting such a transfer into central ownership and management will be considerable. However, option (c) will achieve clarity both in the objectives of the body and in its relationship to Government. It will keep in the public domain the Museum which, although established under a local statute, has grown in scope and importance far beyond other municipal collections. It can be clearly ring-fenced as unique among the museums and art galleries affected by abolition, and its statutory form could not be used as a precedent for similar arrangements elsewhere.