

Wheel Of History - A Relinquishing Of City Council Cultural Control And The Freedom To Manage: Sheffield Galleries and Museums Trust

Introduction

North American cities are familiar with the Trust structure as a means of public sector engagement in cultural services, representing one feature of the landscape; however in Europe the experience is very different. National and local government are the landscape, playing the dominant role in cultural provision, with local government at regional level being the single most important source of funding (Bretton Hall 1999). This is a long tradition found not only in the United Kingdom but also in Germany, France, the Benelux countries and Mediterranean states. It comes then as something of a surprise to find a large and well established city council, Sheffield, breaking the conventions of local authority practice in the cultural field by divesting the direct provision of galleries and museums to an independent trust. This is even more unusual when the city has been politically dominated by a succession of Labour administrations since 1945, with only a recent change to Liberal Democrat control in May 1999.

It is a proud northern city of 530,000 people with a long history of steel and cutlery making which has suffered from a serious decline over the years in these activities with the consequent job loss and resultant shrinking of the local economy. Pressure on spending limits continues for those areas outside education and social services, where much of the recent funding additions have been targeted.

Net Expenditure 1998/99 £444,000,000 1999/00 £474,000,000 2000/01 £492,000,000

There is an inevitability given these circumstances that the city council would give careful consideration to all its services, including cultural services, as to their cost effectiveness and efficiency. This has resulted in a decade of cost cutting with the obvious negative impact on the managers operating these services.

Regenerating the economy of the city, the priority, has involved the establishment of a cultural quarter; building a substantial sports and entertainment infrastructure for the World Student Games; and working in partnership with national government to support existing businesses to modernise and to attract inward investment through the Sheffield Development Corporation. Negotiations were also opened with the Victoria and Albert Museum, London, (due to the failure of the Bradford city council bid) to establish a northern outlet in Sheffield city centre as part of the "heart of the city" regeneration project. City Council resources have as a consequence been drawn away from the traditional services such as museums and galleries. This lack of investment and actual reduction in revenue budgets was diagnosed by the cultural managers as a long and lingering illness with a very uncertain prognosis.

The preferred alternative to a "slow and uncertain death" of a once proud and nationally well-respected city council service was the establishment of a trust. It was almost an inevitable outcome given the pressures described earlier and historical familiarity with the trust "vehicle", not least the giving of individual donations and collections to the city council in trust. In effect it can be seen as the wheel of history turning full circle because the Mappin Gallery collection which is a core component of the Sheffield Galleries and Museums Trust was given in trust to the city council due to the financial stability, certainty, skills, and stewardship offered at the time. This historical perspective was reinforced with the recent experience gained by the council in establishing trusts to operate sports and leisure facilities which generated a receptive political climate for the idea of a trust for galleries and museums.

The City Council Gallery and Museum Service

The city council arts and museums service prior to the establishment of the trust comprised Bishop's House, the City Museum, Graves Art Gallery, Mappin Art Gallery, Ruskin Gallery, Kelham Island Industrial Museum and Abbeydale Industrial Hamlet. In addition the service was responsible for off-site storage of the collections which could not be housed and displayed in the galleries and museums. The staff employed totalled 55 and the annual City Council support for 1997/98 was £1.28m, supplemented by £341k from Arts Council stabilisation funding.

The arts (incorporating galleries and museums) were one of three divisions, including libraries, which formed the Leisure Services Directorate in 1993 under the leadership of Keith Crawshaw who reported to the leisure services committee of the council. Prior to the establishment of the Leisure Services Directorate there had been four cultural services: libraries; arts; galleries, and museums, all with three separate chief officers

reporting to the libraries and arts committee chaired for many years by Councillor Enid Hattersley, a politically powerful and well established figure in the city.

Councillor Hattersley retired in 1983/4 and so did the chief officer for galleries, thus leading the way to further change. This resulted in the creation of the post of Director of Arts, which ultimately led to the merging of the museums, galleries, and arts services in 1995. Since 1983, with no clear political champion, there has been a general decline in these services with a resultant reduction in the number of visitors enjoying the museums, galleries and libraries. In addition, internal reorganisation of the services led to staff not being replaced and significant annual cash reductions in the expenditure budgets. There were also the inevitable constraints for council managers, on borrowing and trading activities as well as restrictive legal frameworks.

The general decline was accelerated in the early '90s with the closing and/or transfer of sports centres to trusts or contracting out of services to private sector management teams.

In the case of the museums and galleries the progressive reduction in resources and staff reorganisation resulted in the collapse of the quality of the temporary exhibition programme and the inability to acquire works of art and objects for the collections. Goodwill was stretched to the limit and the curatorial staff used all their networks to borrow works of art and objects to be able to mount temporary exhibitions as an important means of articulating the permanent collections and attracting visitors. There was no investment in information technology; opening times were drastically reduced and at one stage serious consideration was given to closing down the Graves and Mappin Galleries with compulsory redundancies. This was blocked by a combination of the force of public opinion and the trade unions directly involved.

In wider council terms the servicing of the capital debt used to build the sports facilities for the World Student Games (as a contribution to regenerating the city) was becoming increasingly burdensome, particularly as the Conservative national government placed more and more constraints on councils. This restricted borrowing and also included progressive annual reductions in the grant aid from central government as well as control over local taxation. However, national government encouraged the contracting out of services.

Setting Up the Sheffield Galleries And Museums Trust

It became clear that the use of the trust vehicle was a real political option due to the positive experience gained through the transfer of the sports and leisure facilities. Not least rate relief could be gained as well as providing a means of protecting the service from further council cuts. It also had the potential to enable the services to grow.

The councils' view of trusts was explained by Keith Crawshaw, the Director of Leisure Services, as:

the trust can produce a more focused approach to service delivery, and business development opportunities may be more available utilising other experiences and resources
opportunities may arise to involve a wider group of stakeholders, for example local community interests, in managing the business by involvement on the management board
the trust may have access to external resources both revenue and capital which are not available to the local authority
it has potential to develop new ways of working in an external environment
cash savings can be made where the trust can benefit from charitable NNDR relief provisions and VAT relief.

However the negative aspects of a trust approach to the galleries and museums were also recognised by him:

the need to sustain ongoing management input and capacity to sustain relationships
the problems of making trusts properly accountable for the spending of public monies or the use of public resources because under trust arrangements direct control by the city council cannot be exercised
cost savings are not always evident and additional costs are often incurred in the short term as a result of legal and accountancy requirements
legislation may preclude the city council from having direct control, relationships will need to be built using influence rather than control

charitable NNDR relief depends upon fairly strict statutory tests and it is not achievable for every aspect of leisure provision. It will depend upon whether the charity is in rateable occupation and the use to which the premises are put. To qualify may require that the whole model of occupation of a particular facility may need alteration thereby affecting income potential.

Quite apart from assessing these advantages and disadvantages, the council had to decide on the appropriate trust model if it wished to proceed. It was generally felt that a charitable trust was the preferred option although consideration was given to management buyouts, and worker controlled industrial provident societies. It was also recognised that external funding agencies such the regional arts and museum bodies would need to be consulted to ensure that their current funding partnership with the city could be accommodated in any future arrangements.

Running parallel with these internal discussions, an approach was made to include the council's arts activities (including galleries and museums) in the Stabilisation Programme, a national lottery fund administered by the Arts Council. The application for £1.15m over four years was successful and work commenced in 1997. The grant came with conditions and the stabilisation programme specified:

the award is made to the Sheffield City Council on condition that once the Trust (Sheffield Galleries and Museums Trust) is legally constituted as a limited company with charitable status and takes control the benefits and conditions will be transferred to the Trust

Sheffield City Council has committed to continue its core funding of £1,050,848 per annum for the next three years to the end of March 2001 and will additionally guarantee a realistic minimum grant for the following seven years to allow the trust to plan effectively

Sheffield City Council also commits to providing the ongoing transfer of funds for support costs, from the building budget, Arts Directorate budget and the Heart of the City fund as outlined in the stabilisation strategy submitted in June 1997.

The stabilisation fund required the establishment of the trust, by the city council, as a limited company with charitable status and this provided the spur for the council to take the final decision to proceed with divesting itself of the galleries and museums service. In so doing the city council agreed to provide funding of £1.21m for 1998/99, £1.51m for the next two years, followed by an amount of £1.51m for the next three years of the trust's operation. This it was agreed that a reasonable or realistic minimum grant for the next four years.

Similarly a city council application to the Millennium Commission to build a new £13m gallery, the Millennium Galleries, in partnership with the Victoria and Albert Museum as part of the city centre regeneration ("Heart of the City"), was also in the process of being approved. The purpose of this gallery was to display major exhibitions from the collections of the Victoria and Albert Museum. The council also had to determine the most effective means of managing this project and decided to include the Millennium Gallery in the trust arrangements under consideration.

Approval was given by the council to commence the setting up of the trust in May 1997 with a view to completing the transfer in January 1998 and the Sheffield Galleries and Museums Trust established as a legal entity by 1st April 1998.

It is worth noting here that the industrial museums were excluded from the Sheffield Galleries and Museums Trust. In the case of the Kelham Island Industrial Museum this was set up as an independent trust in partnership with Sheffield Hallam University and also included the Abbeydale Industrial Hamlet. The industrial museum trust became the Sheffield Industrial Museums Trust in April 1998.

An equally important decision was taken by the council when setting up the trust, that there would be no transfer of the collection assets, significantly the collections remain in council ownership for the benefit of the people of the city. Amongst other considerations it was recognised that this was an important control which could be sustained through a collection agreement. The buildings also had controls exercised through the lease arrangements although all non – building and non – collection related assets passed from city council control to the trust. This led to determining levels of accountability and it was thought that this could be achieved by:

the city council influencing the objects of the trust and /or articles of association for any trading arms which may be established
the provisions of any leasing arrangements that will be put in place with regard the use of city council property and assets
the terms of any funding agreements.

An example of this is that the council has insisted that the existing galleries and museums remain free at entry to the public although the trust can charge entry to temporary exhibitions.

There was a further suggestion that the equivalent of national government's Public Accounts or Select Committees should be established to undertake the monitoring of the trusts and carry out detailed appraisals of their activities.

In effect the city council were agreeing to the transfer of the management of its galleries and museums to a trust and providing a guaranteed income over an agreed period of at least a minimum of six years and maximum of ten years with assets remaining in council ownership with the buildings leased back to the trust. The leases offered to the trust were not commercial, but financially nominal, that is at no cost to the trust. The trust could negotiate for a further four years funding beyond the six years thus providing a ten-year period to deliver the mission and objectives of the trust on behalf of the council. Building repair and maintenance remained the responsibility of the council.

The management of the collections was the subject of a separate but related agreement between the council and the trust. This covered conservation care, research, display, interpretation, loans, and curatorial responsibilities (including acquisitions and disposals).

The council put in motion the legal actions needed to set up the trust and also approached individuals who would be willing to become trustees. Sir Hugh Sykes, a well-respected local businessman with extensive public service experience was chosen and accepted the position of chair of the trust. It also began the process of appointing a director to the trust. Dr Gordon Rintoul, whose knowledge and experience of independent trusts was recognised (having established the Catalyst: the Museum of the Chemical Industry), was appointed as the Chief Executive in January 1998.

The Sheffield Galleries and Museums Trust

The trust formally came into being in April 1998 as a registered charity and limited company with the purpose of managing the non-industrial museums and galleries in Sheffield on behalf of the city council. These were the Graves Art Gallery, Ruskin Gallery, the City Museum, Mappin Art Gallery, and the Bishop's House. The trust is expected to take over the management of the Millennium Galleries when it is opened in the spring of 2001. The board of trustees number between 11 and 14 members and the day to day responsibility for the operation of the trust is delegated to the chief executive and the management team.

The vision for the trust is:

“To be one of the leading gallery and museum organisations in the United Kingdom”
(Enriching the Future, corporate plan 1999 – 2002, Feb.1999)

The mission, which flows from this, is as follows:

“To enrich the lives of our audiences by:

providing imaginative exhibitions and displays of regional, national, and international importance of interest to local people and visitors to the city
the development of innovative approaches to interpretation, education, and enhancing public access
the provision of exceptional customer service
the care, preservation and development of collections.”
(Enriching The Future corporate plan 1999 – 2002, February 1999)

Strategic aims and objectives have been developed which are intended to articulate the mission and these include:

the creation of a programme of high quality exhibitions and displays which meet the needs of local people and visitors to the city
to generate the widest possible understanding and enjoyment of the Collections and exhibitions through the development of effective educational and public programmes
to improve the operation of the sites in the care of the trust and their facilities to enhance the service offered to users
to increase public awareness and the use of the trust's resources, services and facilities through effective marketing
to document, store preserve and research our collections to the recognised professional standards
to manage and develop human, and administrative resources in the pursuit of the mission and the aims of the trust

At transfer the trust took responsibility for 55 staff and up to March 2000 has an establishment of 70, with 32 male and 38 female, and which includes 19 part time staff. It is anticipated that this will rise to 80 when the Millennium Galleries, with its 800-m2 temporary exhibition space opens.

In financial terms the trust commenced life with an annual grant of £1.21m followed by £1.40m for a further two years and £1.51m for the next three years, guaranteed for three years with an agreement to provide a further £0.5m to manage the Millennium Galleries. In addition the trust receives £1.15m from the Arts Council Stabilisation Fund up to 2002. It is, then, in the remarkable position of knowing that it has a guaranteed income of £2.6m over a three-year period. This has advantages for the managers of the trust particularly in terms of stability, and in planning with confidence, which is important for temporary exhibitions and trading activities.

The range of the collections in the care of the trust fall into five key areas:

Social History
Archaeology
Decorative Arts
Visual Arts
Natural History

The trust also has in care the collection of the Guild of St George, which was originally assembled by the great Victorian thinker John Ruskin.

The total accessioned collection amounts to 674,446 items with the largest numbers in natural and social history, which is not unusual in a large municipal museum and gallery service in the UK.

The city museum houses the decorative arts, archaeology, and natural history collections. The museum started life in 1875 in Weston House, a private residence situated in extensive parkland purchased by the city to become the first public museum known as the Weston Park Museum. The surrounding gardens became a public park and in 1937 the museum was rebuilt and greatly enhanced by physically attaching it to the adjoining Mappin Art Gallery.

The Mappin Art Gallery was the first public gallery to be opened in Sheffield in 1887 and originally housed the collection of the local brewer and benefactor, John Newton Mappin.

In 1940 the gallery was bomb damaged and in 1964 the original Victorian galleries were restored and new galleries built which now house contemporary art exhibitions.

The Graves Art Gallery, situated above the central library in the centre of the city, is a purpose built gallery comprising eight galleries of differing sizes. Alderman J. G. Graves was the benefactor and presented his collection to the city and the 20th century collection is housed here.

The Ruskin Gallery was established in 1985 to house the John Ruskin collection, which was originally founded in 1875 in the St George's Museum in a small cottage in Walkley, a suburb of Sheffield. This collection of international importance is to be rehoused in the Millennium Gallery.

Bishops' House is a grade II* 17th century town house situated in Meersbrook Park and was acquired by the city council in 1976. Although none of the original furniture survives, the house has collections, which interpret both the building and the Tudor and Stuart periods.

The Management and Financing of the Trust

The organisation and management structure of the trust is a conventionally hierarchical model and one expected to be found for trusts with similar aims and objectives. The management team comprises the Chief Executive, the Exhibitions and Collections Manager, the Finance and Administration Manager, the Education and Public Programmes Manager, and the Operations Manager. All other staff are designated to these managers. This is explained in figure 1.

□ Figure 1: Management Team

The management team reflects the organisational structure found in figure 2, which again follows similar lines to that of other independent museums and galleries.

Figure 2: Organisation Structure

□ □ □ EMBED OrgPlusWOPX.4 □ □ □

It is the lines of reporting and the freedom to act to realise the trust's approved business plan, which differentiate the management of the trust from that of the city council. The Chief Executive has far greater flexibility to deliver the objectives of the business plan and is only accountable to the Chairman and Board of Trustees. He does not have to act as a local council officer, with limited executive powers and extensive reporting lines to sub committees, committees and the council, as well as the chief executive of the council. In other words a chief officer of the city council is expected to serve two masters, the councillors (politicians) and the executive of the council. The primary function of the council is to deliver public services to the highest standards for the benefit of the city. Inevitably, because it is a public service using public money, levels of access and accountability are high.

On the other hand the trust Chief executive is employed to deliver "day to day responsibility for the operation of the trust" and is accountable to the board of trustees as mentioned earlier.

The Chairman of the Trustees is accountable to fellow trustees, the charity commissioners and the various stakeholders including the city council who financially support its work. There is no direct public accountability as found in city council services. It is a far simpler system but this freedom to act comes with strings attached.

Conditions, which form part of the agreements with the funding agencies, have to be met, timescales matter, and there is no one to bail out the trust if it gets into financial difficulties through its activities, including trading. In a public service environment risk is minimised. And it is unheard of for a city council to become bankrupt.

The funding of the trust has been briefly touched on, however the figure 3 describes the projections over a three-year period.

Figure 3: Income and Expenditure

□ 1998/1999□	1999/2000□	2000/2001□	□ Total	Income□	1,770,145□	2,205,522□	2,214,344□	□ Total
Expenditure□	1,708,786□	2,165,443□	2,164,114□	□				□

Source: S. Roodhouse, April 2000

These total income projections rely on grant aid from the Stabilisation Fund□, the city council, and the Heart of the City regeneration programme. The planned projections recognise that the stabilisation fund will cease, and this shortfall is expected to be replaced by an increase in private sponsorship, other public sector grants, and trading activities. It is also expected that the management of the Millennium Galleries and additional revenue grant being given to the Trust for this purpose will assist in ameliorating the shortfall. However, within these projections are modest steady growth estimates for trading activities from the shops and specific exhibition admission fees, as well as sponsorship. These trading activities were at minimum levels when operated within the city council. It is expected that retailing, selling of reproduction rights, catering, room hire, corporate membership and picture loans activities can be effectively grown, given the

low initial baseline. This is the potential growth area for the trust and consequently detailed consideration has been given to visitors to the galleries and the museums. There is a planned growth in visitor numbers which is to be expected with the introduction of the Millennium Galleries and the re-introduction of marketing literature and temporary exhibitions, as well as the extension of opening times. Apart from the dependence of visitors and trading turnover, private sponsorship has also been identified for expansion. This is due to a perception that the private sponsor being generally unwilling to give financial support to the city council as the contribution is often thought to be used to reduce fiscal deficits. It rarely seems to reach the specific activity or organisation the sponsor intended it for. Consequently it is easier for a potential sponsor to target their financial contribution to a discrete organisation with clearly defined aims, and lines of accountability. As a consequence the Trust is confident that there is an untapped sponsorship market to exploit. Targets and operational plans have been drawn up to achieve the income projections.

However the visitor performance over the first two years of the trust have fallen short of the original targets and this it seems reflects the inadequacies of the inherited methods used to collect this data as well as gallery closures for refurbishment programmes.

It is worth noting that as part of the progressive cost-cutting to the museum and gallery service when in city council control referred to earlier, expenditure on marketing and publicity was reduced to an absolute minimum hence the need to re-introduce a marketing and publicity campaign at an early stage in the Trust's life.

From a Trust management perspective, however, these are the real challenges associated with this freedom to act.

Advantages and Challenges of the Trust

It should be recognised that the trust has only been in operation for two years and it is too early to assess the benefits of the model. However, there is no doubt that there is a new lease of life in the work of the galleries and museums. It is also the case that there is less political interference in the operation of the trust, and it is recognised that the galleries and museums are progressively being revitalised. Investment has and is occurring, with the following results:

- new information technology systems
- improved opening times
- higher quality temporary exhibitions
- more staff
- refurbishment of the galleries
- better marketing and publicity.
- establishment of an acquisitions fund
- new educational and public programmes
- partnership with Tate Gallery and Victoria and Albert Museum

The partnership with the city council seems to be progressing satisfactorily, and close working relationships between the two managements have been established, particularly with regard to the Millennium Galleries.

It is significant that the downward spiral of year on year financial cuts, non-replacement of staff, and lack of capital investment has been stopped and reversed. From the city council's point of view there is a planned and predictable financial commitment, one less service to directly manage and the opportunity to change the operation of the Leisure Services Directorate into a more strategic role with strengthened monitoring and appraisal functions as well as contract managing capability. It seems to be a "win win" situation for the council and the trust.

However the challenges are yet to come with:

- the introduction of the Millennium Galleries
- the expiry of the stabilisation fund grant
- maintaining and increasing visitor numbers
- increasing the earned income from shops, specific exhibition admission charges , catering and private sponsorship
- council appraisal and accountability.

Nevertheless as long as the trust improves the performance of the galleries and museums, and those living in the city can tangibly benefit from this, then the relationship will strengthen and grow. However if the trust

does not make a material difference to the lives of those living and visiting the city it cannot be expected to continue to be paid to manage the council's galleries and museums. As a result, the quality of the management team is critical to success. Similarly increasing pressures are being placed on the city council to ensure that the services it provides are good value for money, deliver the agreed outputs and meet the needs of the community. It is within this context that future difficulties may arise.

Notes

The sources used for this company profile are internal documents given to the author in confidence and therefore cannot be referenced.

Interviews have been carried out with trust and council senior staff to inform the study.

Prof. Simon Roodhouse
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- The Graves Gallery and Collection was not given in trust, and was never a separate charitable trust.
- The Mappin Art Gallery Trust dates back to when the Mappin Collection was bequeathed to the City in 1883 on the death of John Newton Mappin. A condition of the bequest was that the Council erected a suitable building to house his treasure.
- The facilities transferred to the SGMT were City Museum, Mappin Art Gallery, Graves Art Gallery, Ruskin Gallery and Bishops House. The Millenium Galleries will be managed with effect from 1 January 2001. The Sheffield Industrial Museums Trust were given responsibility for Kelham Island Industrial Museum, Abbeydale Industrial Hamlet and Shepherds Wheel.
- In 2001/02 the revenue from the Stabilisation Fund will completely disappear, but will be replaced by an additional c£500k revenue to support the new Millennium Galleries.