



Northern Ireland Audit Office

Collections Management in the Arts Council of Northern Ireland

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

HC 1541, Session 2005-06, 31 August 2006



FRONT COVER:

“STEPS TO THE SHORE”

Tom Carr

Arts Council of Northern Ireland Collection

© The Carr Family



Northern Ireland Audit Office

**Report by the Comptroller and Auditor General
for Northern Ireland**

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Collections Management in the Arts Council of Northern Ireland

This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the House of Commons in accordance with Article 11 of that Order.

J M Dowdall CB
Comptroller and Auditor General

Northern Ireland Audit Office
24 July 2006

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For further information about the Northern Ireland Audit Office please contact:

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Tel: 028 9025 1100
email: info@niauditoffice.gov.uk
website: www.niauditoffice.gov.uk

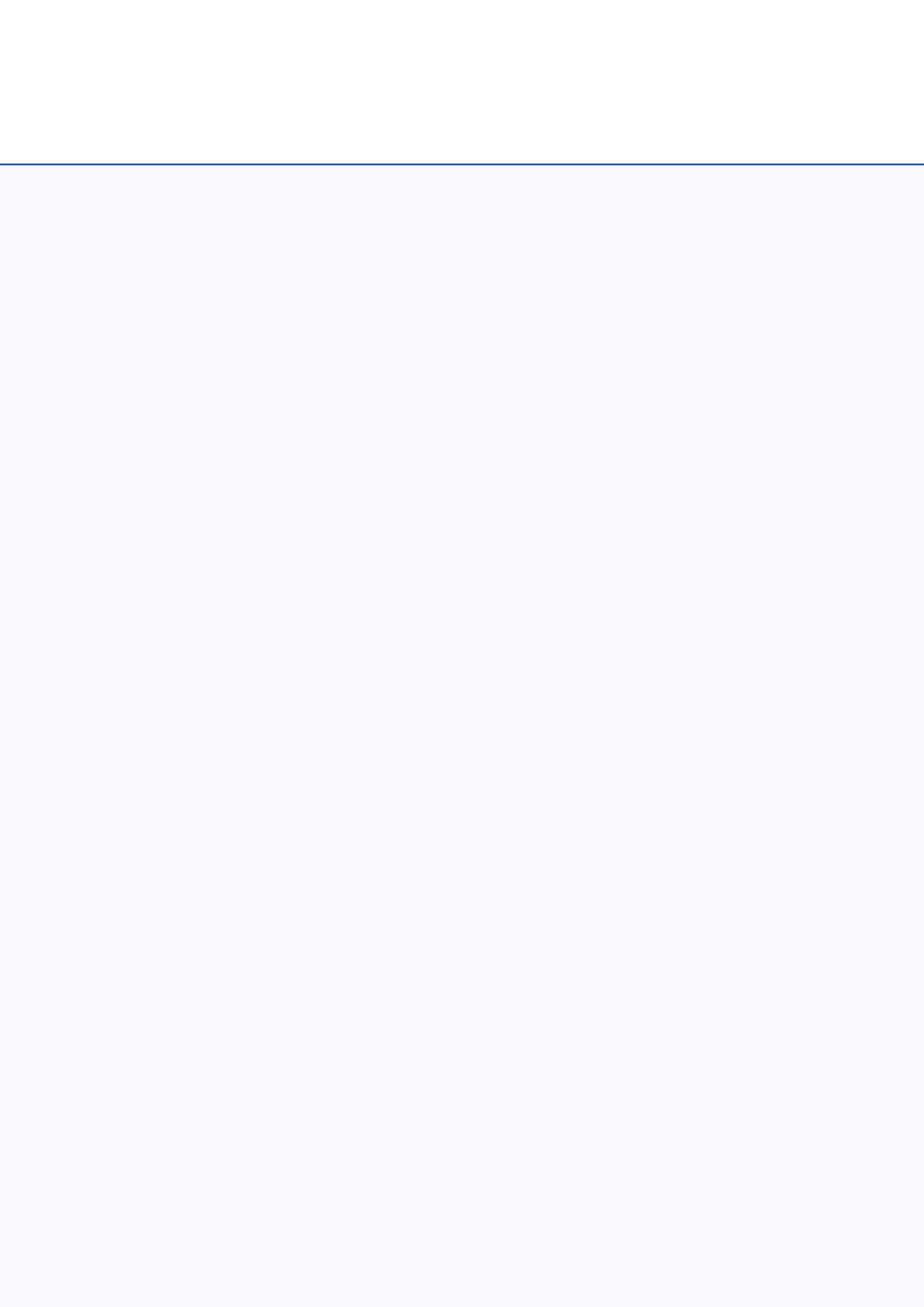
Abbreviations

The Council	The Arts Council of Northern Ireland
The Department	The Department of Culture, Arts and Leisure
DFP	Department of Finance and Personnel
FRS	Financial Reporting Standard
NIAO	Northern Ireland Audit Office
NIRAM	Northern Ireland Resource Accounting Manual
PPS	Partnership Purchase Scheme

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Executive Summary

Background

1. The Arts Council of Northern Ireland (the Council) operates as a non-departmental public body reporting to the Department of Culture, Arts and Leisure (the Department). Its headquarters is McNeice House, Belfast (see Figure 1). The Council was established in 1962 as a successor to the Committee for the Encouragement of Music and the Arts which had operated since 1942. In September 1995, it became a statutory body when it took over the assets and liabilities of the Arts Council of Northern Ireland 1994 Ltd¹.



Figure 1 - McNeice House

2. Its functions, as set out in the Arts Council (Northern Ireland) Order 1995, are:

- a) to develop and improve the knowledge, appreciation and practice of the arts;
- b) to increase public access to, and participation in, the arts;
- c) to advise the Department of Culture, Arts and Leisure and other government departments, district councils and other bodies on matters relating to the arts; and

d) to carry out such other functions as are conferred on the Council by any other statutory provision.

In addition, the Council is charged with responsibility for distributing Lottery proceeds allocated to the arts in Northern Ireland. Its strategic objectives are set out at Appendix 1 and, while they should be viewed as a whole, the most relevant to our review are objectives one, seven and eight, as detailed below;

- (1) to increase opportunities for artists working to the highest standards and in innovative ways.
- (7) to increase audiences for the arts.
- (8) to make continual improvements to the delivery of Arts Council services.

3. All Council policy and funding decisions are taken by a board, appointed by the Department. The current board was appointed in 2003 and consists of a Chairman and 13 members.

4. As part of its remit the Council has maintained and developed a collection of paintings, drawings, prints, photographs, ceramics and sculptures (see Figure 2). This was done to raise awareness and interest in visual art in Northern Ireland with the aim of promoting the artists, and encouraging the purchasing and commissioning of further work. The Department told us that both the previous and current Council's collecting policy, which was clarified by the Council in February 1972 and re-affirmed in May 1974, "is to acquire works of art by living Irish artists, particularly Northern Irish artists, for display under its loan scheme in the largest possible spread of public buildings, and possibly private institutions, and, in very special circumstances, private individuals, and for occasional 'prestige' or touring exhibitions, the primary criteria for selection of works for purchase being to provide patronage, support and

¹ The Arts Council of Northern Ireland 1994 Ltd was a company limited by guarantee which was established as an interim measure between the Arts Council, and the new statutory body.

publicity for living artists of merit". The quality of work was considered of paramount importance in the purchasing strategy. The Department added that purchasing for the collection ceased in 1999-2000, due to budgetary constraints and other strategic priorities. By this stage the Council had accumulated 1,208 works. A summary of the collection history and key policies is attached at Appendix 2.



Figure 2 - Big Brown Dog (1988)
Arts Council of Northern Ireland Collection
© Basil Blackshaw

5. In 1999 the Arts Council, together with An Chomháirle Ealaíon², commissioned a joint review of their respective collections. The subsequent report recommended that the Council's collection should continue with enhanced resources and limited gifting to Northern Ireland museums and galleries. However, in 2000, the Council's Board determined that a more extensive level of gifting should take place, but be limited to registered museums and galleries. At the time of this review, six years after the Board's determination, gifting has still to commence, as details of the process

have yet to be finalised between the Council, the Department, and the Department of Finance and Personnel (DFP), whose approval is required before this can take place. Given the value of the collection is in excess of £100,000, Parliamentary approval is also required before gifting can take place.

6. Although it is the Council's intention to no longer maintain a large public collection, it still recognises the importance of purchasing contemporary work as a means of supporting artists. Following the development and adoption of a new acquisition policy in 2003, the Council has started to acquire new works. At the time of our review, 69 works had been purchased at a cost of £95,000. Subject to approval the Council will gift these works after a three to five-year period to institutions throughout Northern Ireland. The Department told us that the Council is not currently compiling a collection of art works but is purchasing to support living artists and then to gift these works on to permanent collections in Northern Ireland and beyond.

7. The Council also has responsibility for the Partnership Purchasing Scheme (PPS). This scheme allowed for the purchase of works of art by various institutions and public bodies who subscribed half the purchase price, the other half being met by the Council. Purchasing under PPS took place between 1972 and 1990, during which time 346 works were acquired.

Scope of our Examination

8. Our examination has involved a review of the custody of the works of art to ensure that the Council's collections have been properly documented, stored, maintained and displayed, and progress in gifting the collection, following the Council's decision to do so in October 2000.

2. The Council's equivalent in the Republic of Ireland.

9. We did this through reviewing each of the Council's collections in order to ensure that: Council procurement policies were applied in acquiring works of art; acquisitions met the Council's objectives; the collections were stored and maintained in a suitable and secure environment; they were utilised to their full potential; and following the decision to gift the collection, that this would be done in keeping with accepted best practice and the aims and objectives of the Council.

Methodology

10. Information was obtained through meetings and discussions with the Department and Council officials; a review of written correspondence; a review of the relevant legislation and departmental policy; and an examination of Museums, Libraries and Archives Council (GB)³ guidance. We also reviewed and tested the various collection databases maintained by the Council for accuracy and completeness.

11. The Department questioned the applicability of this guidance, which it pointed out was designed to cover collections of historic significance, as opposed to a collection, the main rationale of which is to support living artists. It considers that the management of a collection, which supports living artists, introduces aspects of risk that are very different to a museum collection. These include the security of works and the lower level of environmental control compared with work held in a museum collection.

12. We recognise that there are risks with the storage or exhibition of any collection that have to be identified and managed. However, we consider that Museums, Libraries and Archives Council guidance, the recognised industry standard, represents best practice, the principles of which could and should have been applied to the Council's

collections since their introduction in 2000. Given our concerns, we asked the Department what guidance and best practice was being applied by the Council and how, as sponsor department, it had satisfied itself that this was sufficient to protect the taxpayers' investment in the Council's collections. In response, the Department told us that it applies Museums, Libraries and Archives Council (GB) guidance where appropriate (see paragraph 46). It added that it is satisfied that the Council's new electronic database, with photographic records, provides more effective management of the collection. In accordance with the Council's risk register, the inventory and insurance value of the collection will be updated annually. Furthermore, it will ensure that these controls are in place through its "accountability" meetings. The Department also told us that it is aware that DFP has developed a draft Art Management Handbook of procedures for the management of its collection and that it will consider read-across for the Arts Council.

Part 1 - Management of the Council's Collection

13. The Council carried out a review of its collection in February 1999. Our review found that, at that time, the Council had nine separate databases and information sources within which there were numerous inconsistencies. Following a reconciliation of its records, 85 works were added to the Council's assets register and 52 were written off. The Council had previously written off 69 works in 1990-91⁴. All losses were disclosed in the Council's accounts at historic cost⁵, as advised by its sponsor department at that time. The write-offs included works by well known artists such as T P Flanagan, Colin Middleton and Neil Shawcross. The Council completed a further reconciliation in September 2005, following completion of our fieldwork, which identified a significant increase in the number of works in its collection from 921 (in 1999) to 1,208.

³ The Museums, Libraries and Archives Council is the national development agency working for and on behalf of museums, libraries and archives and advising government on policy and priorities for the sector.

⁴ Our review of write-offs noted that 49 of the 52 works written off in 1998-99 had already been written off in the 1990-91 exercise.

⁵ Cost at date of purchase.

14. Following the write-off of missing works in 1990-91, the Council should have, in our opinion, reviewed the soundness of its control systems. This would have placed it in a much stronger position to minimise the risk of further losses. However, it is clear that this issue was not fully addressed given the identification of an additional 85 works and further write-offs in 1999, and the identification of almost 300 additional works in the reconciliation of the collection in September 2005.

15. The Department told us in January 2006, that the Council was still continuing to reconcile its records and was unsure whether or not further write-offs would be required. It added that the Council was now taking steps to ensure that, in future, up to date and accurate inventories are maintained. It subsequently told us in May 2006, that the Council had completed the reconciliation of its records and had identified 52 works, current market value £28,000, which require further follow up. However, it cannot confirm whether these will be required to be written off. The Department added that follow up will include contacting all former and current borrowers, contacting other institutions with collections, including the Department of Finance and Personnel, e-mailing images and descriptions to auction houses, circulating details on the Arts Council website and where necessary, recourse to the Police Service of Northern Ireland.

16. This is somewhat belated, being seven years after the last reconciliation and six years since the decision to gift the Collection was taken (see paragraph 5). Nevertheless the Council's action is welcome; accurate and up to date records are the basis of good housekeeping and central to proper stewardship (paragraphs 1.1 to 1.6).

17. Our review of the collection records identified a number of concerns. For example, we found that no location details had been recorded against over 390 of the 1,208 works recorded on the database. Of those works where locations were recorded, we found that over 300, or 25 per cent

of the total collection, had been retained on loan for more than 10 years, with a number in excess of 20 years. The Council told us that it was fully aware of these works, but had decided to permit their retention beyond the maximum three-year period whilst the collection had been under review and on hold pending a decision on gifting. In addition, the Department told us that the missing location details have now been largely addressed through the recently completed detailed physical inspection of works and the reconciliation of records (paragraphs 1.5, 1.7 and 1.8).

18. During 1999, the Council, in conjunction with a major auction house, carried out a revaluation of its collection, the first since its inception in 1944-45. This valued the collection at £1.1m. Since the appointment of a full-time curator in 2002, a physical inspection of the works, updating of the Council's paper-based inventory and an ongoing revaluation of the collection have been carried out. The auction house has again provided advice and valuations on the top 20 works (valued at over £0.8m, or 44 per cent of the total value of the collection at that time). They also provided a framework which was used by the Council to value the remainder of the collection. The collection is currently valued at £2.7m.

19. The action taken to value the collection is welcome, particularly the steps taken to obtain an independent valuation of what are considered to be the most valuable, and therefore the most attractive assets in the collection. The Council has also augmented its records through the purchase of a new collection-specific database and has taken on board our suggestion to develop up-to-date condition reports. Since 2002, it has also placed on-line 100 photographs of its best works. In May 2006, the Department advised us that, following an earlier NIAO recommendation, all works have now been scanned onto the Council's database. The collection and new acquisitions will go live over the next few months when the Council has obtained copyright clearance.

20. These are positive steps. Such practice helps inform management about the value of assets held; encourages good stewardship; informs decisions about whether resources are being used appropriately, both in terms of capital and funds required to adequately maintain the collection; furthermore it also helps inform the public about the type and value of assets held on its behalf. The Council's decision to expand its on-line photographic database to include its entire collection will increase both accessibility and exposure and help in tracing the 52 works that remain unaccounted for (paragraphs 1.9 to 1.13).

21. The 1999 review (see paragraph 5), found that both the maintenance and promotion of the collection were inadequate due to lack of staffing and funding. The Council told us that there had been ongoing tours and exhibitions of its works throughout the history of its collection. However, these had been limited, as it had determined in 1978 that works had been acquired in the first place from motives of patronage and only secondly from a desire to hold a collection of works that could be lent to public institutions.

22. The Council also told us that promotion of the collection had been limited by resource constraints and the loan scheme took precedence as this was the primary function of the collection. The Council added that it considers the loan scheme to be a valid means of promotion as it brings quality art works into public places and makes them accessible, thus aligning with the Department's corporate objectives.

23. As a result, between 1973 and 1990, the Council had organised only seven tours of its collection and had loaned out to 18 different exhibitions since 1980. These included the promotion of Northern Ireland artists abroad, such as the 1990 and 1995 exhibitions of local artists which each toured throughout the United States for two years. In 2002, the Council held exhibitions

in Belfast and Edinburgh, where it presented "The Public Eye, 50 Years of the Arts Council Collection". Further exhibitions have since been held in Londonderry, Omagh and the Republic of Ireland.

24. The 1999 review also highlighted the poor representation of a number of media, the limited representation of artists from the 1990s on and the presence of works by artists with no connection to Northern Ireland. The Council told us that the presence of these works reflected the receipt of a special grant from the Calouste Gulbenkian Foundation⁶ for the purchase of works from outside Northern Ireland with a view to strengthening its holdings. Gifts have also been received from artists and their families.

25. There have been historic deficiencies in documentation, exhibition, education, outreach and publicity surrounding its collection. The Council told us that since 2001-02, there have been further exhibitions of its collection and it intends to address the deficiencies highlighted in the plans it is currently forming for the promotion of its new acquisitions (see paragraph 6). For example, it has recently produced (2006) a catalogue of acquisitions since 2003-04 which will accompany a touring exhibition of recent acquisitions to Local Authority venues around Northern Ireland. Nine bookings have been confirmed to date. The Council has also lent works for display in exhibitions and public buildings for specific purposes. It is also planning to hold exhibitions in Malta, where Northern Ireland has established strong cultural links, and in Washington (in July 2007) in association with the Smithsonian Folklife Festival. It also told us that the new collection management database, currently under development, will increase public access and awareness of its collections and will also enhance outreach and accessibility for curators, enquirers and the general public (paragraphs 1.14 to 1.21).

⁶ The Calouste Gulbenkian Foundation issues grant aid in the UK and Republic of Ireland and runs funding programmes in arts, social welfare, education and Anglo-Portuguese cultural relations.

26. Since 2003-04, the Council has introduced and implemented, through a £50,000 allocation from the Department, a new acquisitions policy. The objectives of this policy are to assist individual artists; to contribute to the development of visual arts practice in Northern Ireland; to develop a culture in which visual art is represented and appreciated; to foster knowledge and research; to ensure that contemporary visual arts are showcased; and to stimulate the market in Northern Ireland. The Council will measure the effectiveness of its acquisition policy by:

- conducting evaluations with artists whose works have been purchased to assess the impact the purchase had on the development of their career;
- monitoring the number of works requested for exhibition;
- monitoring public response to works when out on loan or as part of touring exhibitions; and
- monitoring use of the on-line collection.

27. Similar levels of funding have been earmarked for future financial years. To qualify, artists must be living in Northern Ireland and have made a contribution to its artistic activities; Northern Ireland artists living elsewhere will also be considered. As the Council has neither the capacity nor resources to maintain works on a long-term basis, it intends to gift these after a three to five-year period to relevant Northern Ireland institutions through an open application process.

28. The development and adoption of a new acquisition policy, which is reflective of current best practice, is welcome. We also welcome the collaboration between the Council and the Ulster Museum which we are told prevents duplication and ensures that both collections can be united to present a balanced collection.

29. From a practical perspective, we recommend that collaboration is extended to all those bodies to whom the Council is likely to

gift acquisitions at a later date. Through such an exercise, the Council will be fully informed of their needs and aspirations. If this is not done, it will only exacerbate, what are already, significant storage and public access issues (paragraphs 1.25 to 1.30).

30. The Council's collections operate independently of the collection procured and managed by DFP. This collection consists of 1,393 works, valued at approximately £0.9m, which are displayed in government buildings, with a secondary aim of promoting local artists. To date, there has been limited co-ordination between the Council and DFP.

31. We recognise that there may be differences in the objectives of the Council's and DFP's collection policies. However, between them they hold some 2,600 works with a combined value approaching £4m. With many of these works held in storage, we recommend that both bodies examine the scope for co-ordinating their activities to ensure that the most effective use is made of the public assets under their stewardship.

32. Where it has been determined that works of art are required to be displayed in public buildings and offices, consideration should also be given to utilising the Museums and Galleries of Northern Ireland collection, the greater part of which is held in storage. DFP told us that it agrees that the most effective use should be made of these public assets and will take the opportunity to explore again ways that closer co-operation may be established between it, the Council and Museums and Galleries of Northern Ireland (paragraphs 1.31 to 1.33).

33. Council works not on display (approximately 50 per cent) are held in storage which is currently provided free of charge. The Council acknowledges that it has always had serious problems in relation to the care and conservation of works both in storage and on loan

(see Appendix 2). The 1999 Consultant's Review noted that the storage conditions were excellent in relation to security and fire safety; however, concerns were raised over environmental conditions which did not meet the requirements of a number of the works. While there have been improvements since the review, we still have concerns primarily over climatic conditions, which we found to be warm and dusty, and less than ideal storage. We also found that works were stored on wooden shelving with many works leaning against each other - see Figure 3.

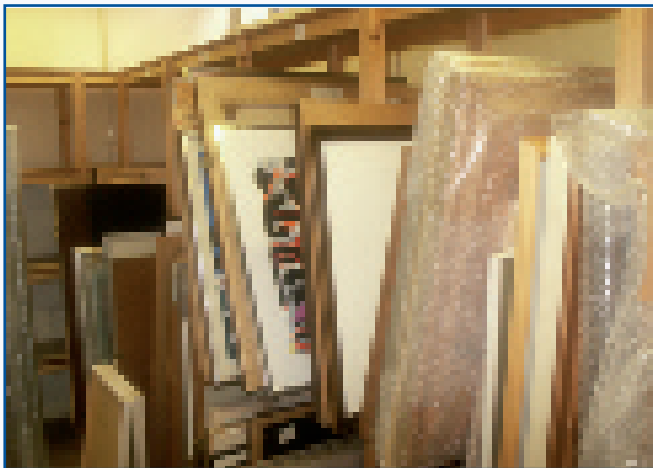


Figure 3
Council Store

By way of contrast Figure 4, which is a photograph of the Armagh County Museum Art Store, shows best practice.

34. The Council agrees that there are concerns but not major or serious ones over climatic conditions. It also considers that the works have been placed carefully, according to size, weight and value by the curator who is qualified to handle them. The Council estimates the cost of transferring the collection to commercial storage to be £37,000 a year. However, due to financial constraints and its proposal to gift its collection to museums and galleries in Northern Ireland, the Council told us that the issue of storage cannot be addressed in the short-term. (paragraphs 1.34 to 1.37).

35. In addition to its collection and its new acquisitions, the Council also administers the "Partnership Purchase Scheme (PPS)". Under this scheme, joint ownership of works of art was offered to suitable partners who subscribed 50 per cent of the purchase price.

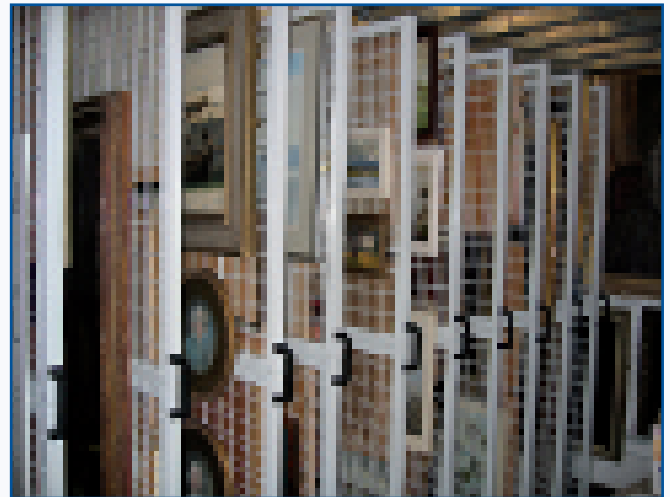


Figure 4
Armagh County Museum Art Store

36. An internal review of its PPS records in 2004-05 identified that of the 346 purchases between 1973 and 1990: 58 works had been sold to partners; 4 had been lost/damaged for which the Council had been compensated through insurance (£3,000 - 50 per cent of the market value); 12 works had been returned to the Council; and 56 works require "follow up".

37. The Council told us that it believes, from evidence on file, that a further 39 works (ranging in value from £33 to £500), which were recorded as returned, bought outright or written off, have all previously been written off. However, it has no records of these transactions, nor evidence of departmental approval for write-off. It is the Council's view that, in all likelihood, no departmental approval would have been required, as the works of art written off were within their delegated levels. Given that they remain on the assets register, the Council has undertaken to take action to reconcile this position. It added

that the partners had not been pursued beyond best endeavours as the majority, according to the evidence on file, had been held by businesses which had ceased to operate. The current value of the 178 remaining works held by partners is £307,000.

38. Our review of PPS has identified significant shortcomings in its management. Record management has been poor, inspection infrequent and valuation, as with the main collection, outdated and understated. The Council told us that it has issued letters to partners who have reported losses, informing them that it will be seeking recovery of the Council's share of works at current market value.

39. The number and value of these works confirms the inadequacy of record keeping and also raises concerns over the security of the works on display. In light of this, we recommend that the Council should consider reviewing the level of security required at each of the works locations.

40. We also found that approximately one in seven of the works acquired through the PPS (47 works) were by artists employed by the Council, two of whom held senior posts within the Council. We were told that these acquisitions were in keeping with the acquisition policy developed in 1974. Further investigation highlighted 53 works in the Council's main collection which had also been produced by Council employees. However, the Council told us that 23 of the 53 works were purchased from the individuals before their employment with the Arts Council commenced.

41. The Council also told us that the majority of these works were acquired between the 1960s and the 1980s. Purchases from staff were rare from the late 1980s on, even though the Council

had a policy to regulate such transactions; there has only been one staff purchase in 1994 and none since. The Council stated that it takes the issue of favouritism very seriously. As a result of its current practice in regard to declarations of interest, gifts register and contracts of employment, there have been no instances of staff benefiting or being shown any form of favouritism since the Council became a public body in 1995.

42. In addition, the Department told us that it is satisfied that the Council has proper procedures in place to ensure there is no patronage or favouritism towards the acquisition of employees' or members' works. Furthermore, it is satisfied that the Arts Council procedures for regulating purchases of work from members or staff were applied to the acquisition of the 77 works referred to in the report.

43. We welcome these assurances. We consider patronage to be a key issue for all public bodies. It is essential that public bodies not only act without favour, but must also be seen to act without favour and in a transparent manner in any procurement process. (paragraphs 1.46 to 1.49).

Part 2 - Gifting of the Council's Collection

44. The 1999 review of the Council's collection recommended that the scheme should be continued, albeit in an improved manner, with limited gifting. However, taking into account that 50 per cent of the collection was in storage with most of the remainder on loan; the lack of funding to either maintain existing works or acquire new works; and concerns about the effectiveness of the policy, the Council decided to gift the collection to local museums and galleries (paragraphs 2.1 to 2.3).

45. As a result, the Council formally agreed to wind down its loan scheme in October 2000, to cease the long-term issue of new loans (although it did continue to lend works for exhibitions) and to recall its works. However, this has been delayed due to a request from the Department in July 2003 for further details to comply with Government Accounting⁷ rules regarding the gifting of assets acquired through public funds. This included the identification, reconciliation and valuation of works, the production of a business case and the completion of an up-to-date collection database (paragraphs 2.4 to 2.6). Work is still continuing in each of these processes.

46. The business case identified 5 options for the future utilisation of the collection. These were:

1. do nothing;
2. introduce a gifting scheme;
3. introduce a long-term loans scheme;
4. sell off the collection; and
5. enhance the current level of provision.

Options 4 and 5 were rejected; the former because the Council believed that it would generate negative publicity, could flood the market and would also have been counter to best practice guidelines contained in the Code of Ethics for Museums published by the Museums Association (GB) in 2002. The latter was rejected due to inadequate staffing and funding levels.

47. Of the three remaining options, the Council's considered opinion, based on a qualitative and quantitative analysis of the costs and benefits, is that option 2 will provide the best value for money solution and is in the best public interest. This option envisages the gifting of works,

in the first instance, to museums and galleries with Museums, Libraries and Archives Council registered status.

48. The Council told us that a key "core" element may be gifted to one institution which we understand may be the National Museums and Galleries of Northern Ireland. As a result works could remain on public display and, in the process, increase public appreciation of Northern Irish modern and contemporary art. The Council would continue to monitor their placement and movement; artists would be informed of the Council's intention to transfer their works, where possible; and a list of recipient institutions and works made publicly available. The Council also believes that it will cultivate a spirit of co-operation within the public sector, in this case between arts and museums. (paragraphs 2.7 to 2.18).

49. With regard to PPS, the Council told us that the sale of works to public partners will not be pursued but will be gifted to them in a similar manner to the main collection. However, such an arrangement will not be extended to the 30 works shared with 12 private sector partners.

50. Given the management of the Partnership Purchase Scheme to date, the new initiative is welcome. It is clear that the Council is determined to take control of this aspect of its collection and outline a definitive path for its future devolution, management and care. However, for the 30 works currently in joint ownership with private partners, the legacy will be a long-term requirement for the Council to monitor and review these works in order to protect the investment of public funds (paragraphs 2.19 to 2.21).

⁷ Government Accounting Northern Ireland sets out the principles of government accounting which have developed and become established over the years. The advice it contains extends over a wide spectrum, covering important matters of constitutional propriety and other procedures which have been agreed with the Public Accounts Committee, for example for notifying Parliament of proposals to enter into contingent liabilities and to make gifts.

Part 1

Management of the Council's Collection

Art Collection Database

1.1 In February 1999, the Council carried out a reconciliation of its Art Collection records. We found that, in managing the scheme, the Council had nine separate databases and information sources, within which there were numerous inconsistencies. For example, 921 separate pieces were identified, 910 index cards were maintained, yet there were only 836 items on the assets register. Of these, 16 could not be traced. Following the identification of additional works not recorded and other assets which had been recorded more than once in the various databases, under different or very similar titles, a further 85 records were added to the assets register. The most recent reconciliation has identified 1,208 works.

1.2 As well as identifying additional assets, the Council discovered that there were 52 pieces missing. These were written off at a historic cost valuation of £6,049, and recorded as a note in the Council's 1998-99 accounts. This was the second such exercise; a previous write-off of 69 works, value £8,248, was recorded in 1990-91, again at historic cost. We also found that 49 of the 52 works written off in 1998-99 had already been written off in the 1990-91 exercise.

1.3 Given that write-offs included works by well known artists such as T P Flanagan⁸ (Figure

5), Neil Shawcross⁹ and Colin Middleton¹⁰ (whose individual works in the collection are valued from £200 to £50,000), in our opinion, the likelihood is that these write-offs were understated. The Council told us that it had taken steps to address this matter at the time with the Department of Education¹¹, who agreed to the write-off at historic cost.

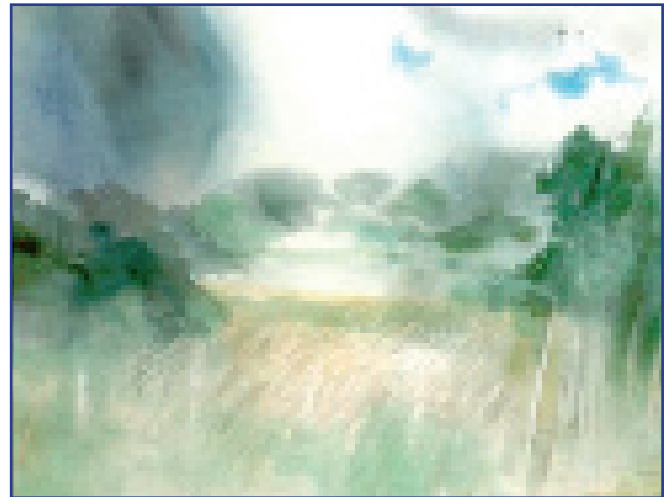


Figure 5 - Lough Coole I (1978)
Arts Council of Northern Ireland Collection
© T. P. Flanagan

1.4 Following the completion of a Review of the Collections of Art held by The Arts Council/ An Chomháirle Ealaíon and the Arts Council of

8 Terence Philip Flanagan is one of Ireland's most successful artists. He has exhibited extensively and his work is included in many public collections. In 1995 the Ulster Museum hosted a major retrospective exhibition of his work. He is renowned for his landscape paintings, particularly those of the Fermanagh and Sligo lakelands.

9 Neil Shawcross is well-known for his portraits which include a portrait of the writer Francis Stuart for the Ulster Museum. He has designed stained glass for the Ulster Museum and for St Colman's Church, Lambeg.

10 Colin Middleton was noted for his experimentation in painting. In 1969 he was awarded an MBE and in 1972 Queen's University, Belfast conferred an honorary MA.

11 The Department of Culture, Arts and Leisure is responsible for the administration and monitoring of arts and creativity in Northern Ireland, incorporating the Arts Council. Prior to the reorganisation of Northern Ireland Departments in 1999, the Department of Education retained this role.

Northern Ireland in 1999 (see paragraph 1.14), the Council put in place a number of recommendations aimed at maintaining control over the collection, whether in storage or on loan, while it considered its future collections and acquisitions strategy. For example, the Council placed a moratorium on purchasing. Subsequently, the Council appointed a Collections Curator (2002); conducted a full inventory by reviewing all collections related historical material; performed a full physical inventory of works in storage and on loan; installed Collections Management Software to bring it up to best practice standards; established a new Acquisitions Policy and budget; and has introduced an ongoing revaluation of the works.

NIAO Conclusion

1.5 Following the write-off of missing works in 1990-91, the Council should have, in our opinion, reviewed the soundness of its control systems. This would have placed it in a much stronger position to minimise the risk of further losses. However, it is clear that this issue was not fully addressed given the problems associated with record keeping and the further write-off in 1999, including 49 works previously written off in 1990-91. The Department told us in January 2006, that the Council was still continuing to reconcile its records and was unsure whether or not further write-offs would be required. It added that the Council was now taking steps to ensure that, in future, up to date and accurate inventories are maintained. It subsequently told us in May 2006, that the Council had completed the reconciliation of its records and identified 52 works, valued at £28,000 which require further follow up. It also told us that the Council *“cannot make a definitive statement at this point on whether there are further losses to write-off”*.

1.6 In our opinion the write-offs are indicative of the poor record keeping and management of the collection. We are concerned that some six years after a major review of the collection, four years since the appointment of a curator (paragraph 1.4) and three years since the

Department asked for the identification, reconciliation and valuation of the works (paragraph 2.6), the Council is still not in a position to know whether there are further losses or write-offs. We welcome however, the steps now being taken by the Council to ensure that, in future, up to date and accurate inventories are maintained; this is the basis of good housekeeping and is central to proper stewardship of any collection.

Management of the Loan Scheme Database

1.7 In our review of loans to publicly funded bodies from its collection, we found that Council guidance required it to carry out an inspection of proposed sitings to ensure that: the public could have access to the works; they would be safely and securely located; and they would be retained in an environment where they could not be damaged by either heat or light. Council policy limits the period of the loan to three years maximum; during this period insurance of the work remains with the Council.

1.8 At the time of our review we also found that no location details had been recorded against over 390 of the works; of those where locations were recorded, we found that over 300, or 25 per cent of the total collection, had been retained on loan for more than 10 years with a number in excess of 20 years. The Council told us that borrowers have been allowed to retain works beyond the three year period whilst the collection has been under review and on hold pending the decision on gifting (paragraph 2.5). Given ongoing storage problems, the Council considered that works were better placed on long term loan in the community. The Department told us that the missing location details have now been largely addressed through the recently completed detailed physical inspection of works and the reconciliation of records (see paragraph 1.5).

Valuation of Assets

1.9 During 1999, the Council carried out a revaluation of its collection, the first since its inception in 1944-45. This exercise was carried out in conjunction with a major auction house who provided their services free of charge but limited their valuations to those assets where they felt their expertise was appropriate. As a result they carried out the role of adviser rather than valuer on the majority of the works; valuation of these items was determined in-house using a framework provided by the auctioneers. Subsequently, a valuation of £1.1m was placed on the collection, which more than doubled the previous valuation of £425,000.

1.10 Since the appointment of a full-time curator in 2002, the Council told us that there has been an ongoing review of the collection. As a result, the curator has carried out a physical inspection of the works and updated the Council's inventory. Given previous concerns over the records, in 2004 the curator, together with the Arts Development Director, decided to re-value, on an on-going basis, the collection using their experience in monitoring sales of works of art, both nationally and internationally. In order to maintain some degree of independence in the valuation process, the Council again utilised the auction house to value the top 20 works in February 2005.

1.11 The Council's concerns about the accuracy of its records proved to be founded given that many of the works, whose valuations had not changed since purchase, had significant uplifts applied in this exercise. For example, one work, which the Council told us is remarkable in the context of the collection, increased in value from £1,400 to £130,000. The value of the collection is now estimated at £2.7m, an increase of 145 per cent over the 1999 valuation. The increase reflects both the historic under valuation of the collection and the increasing popularity and collectability of some artists represented in the Council's collection. The Council told us that part of the increase in valuation

can also be explained by the identification of works which were not fully reconciled in its collection database (see paragraph 1.1).

NIAO Conclusions

1.12 We welcome the Council's actions to value its collection, particularly the steps taken to obtain an independent valuation of what are considered to be the most valuable, and therefore the most attractive assets in the collection. The Council has also augmented its records through the purchase of a new collection-specific database. In addition, it has taken on board our suggestion to develop up-to-date condition reports. Since 2002, it has also placed on-line 100 photographs of its best works. The Department advised us that, acting on our recommendation, from May 2006, all works have been scanned onto the Council's collection database. The collection and new acquisitions will go live over the next few months when the Council has obtained copyright clearance.

1.13 These are positive steps. Such practice helps inform management about the value of assets held; encourages good stewardship; and informs decisions about whether resources are being tied up appropriately, both in terms of capital and funds required to adequately maintain the collection. This should ensure that both increases and decreases in value are recognised; furthermore, it also helps inform the public about the value of assets held on its behalf. It also addresses the NIRAM¹² and FRS 15¹³ requirements to revalue other classes of assets at regular intervals and, as a minimum, at least every five years. In addition, the Council's action to expand its on-line photographic database to include the entire collection will increase both accessibility and exposure and, as they recognise (see paragraph 15), will help in tracing the 52 works that remain unaccounted for.

12 Northern Ireland Resource Accounting Manual

13 Financial Reporting Standard 15 – Tangible Fixed Assets

Consultants' Report on the Council's Works of Art

1.14 In 1999, the Council, together with An Chomhárle Ealaíon (its equivalent in the Republic of Ireland), commissioned a review of their respective collections of visual art *"with a view to developing, if appropriate, new policies in relation to collecting in the future"*. The key objectives of the review were:

- to place the Council's collections of visual arts in the contexts of other national and local collections;
- to provide information and recommendations which would guide the Council's future policies on the collection of art; and
- to review the effectiveness of the then current loan policies.

1.15 The report, which was subsequently produced in 2000, found that 53 per cent of the Council's Works of Art were out on loan. It also recorded that both the maintenance and promotion of the collection were inadequate, due to lack of staffing and funding. Deficiencies were found in relation to:

- environmental conditions of storage;
- conservation of works;
- documentation;
- exhibitions to publicise the collection;
- education;
- outreach; and
- publicity.

1.16 The review noted that up until 1980, the collection was broadly representative of practice in Northern Ireland, but that in the last 20 years, it was less representative of the media which artists were employing. For example, there were few colour photographs; craft purchases were minimal (see example at Figure 6); there were no

architectural works (despite the Council having responsibility for this media from 1995); and video, sound, installation and performance work were absent with the exception of one video. Works relating to "The Troubles" were significantly under-represented in relation to the appearance of contemporary artwork in Northern Ireland. There was also limited representation of artists from the 1990s. Works by over 35 English artists and a further 30 works by artists from the Republic of Ireland (see Figure 7) who had never worked in Northern Ireland were also identified.



Figure 6
Night and Day (1992)
(using bronze and leather)
Arts Council of Northern Ireland Collection
© Carolyn Mulholland

1.17 The Council told us that although its policy now requires a 12-month residency period in Northern Ireland, past policy encouraged the purchase of works by artists from elsewhere (see Appendix 2). In addition, it received a specific grant during the 1960's to purchase works by English artists of note (see paragraph 1.23) to bring a variety and richness to its holdings. This policy allowed artists and the public to access works they may never otherwise have seen. A small number of works were also gifted to the Council.

1.18 Promotion of the collection was also found to be limited. Between 1973 and 1999, the Council had organised seven tours and had loaned out to 18 different exhibitions since 1980. More recently, the Council has held exhibitions in Donegal and Omagh, and major exhibitions in Belfast and Edinburgh. It has also held a joint exhibition with An Chomhárle Ealaíon in Cork, as part of European City of Culture in 2005.



Figure 7 - Louis Le Brocquy, Image of James Joyce (1978), Watercolour on paper 38 x 34cm, Arts Council of Northern Ireland Collection, © Pierre le Brocquy

1.19 The consultants’ review of the works on loan found that landscapes and portraits were in greater demand while the more challenging and sombre works were rarely borrowed. Those works, which were on loan to various public bodies, at the time of the review, were found to have an inadequate geographical spread (see Figure 8 below). The Council told us that geographical spread was not a criterion of the scheme, that allocations constantly fluctuated and that the consultants’ findings were merely a snapshot at a given point in time. It also stated that the loan scheme responded to demand from organisations and bodies rather than the specific targeting of geographic areas. The Department added that the Council has recently (2006) produced a catalogue of acquisitions since 2003-04, which will accompany

a touring exhibition to Local Authority venues around Northern Ireland. Nine bookings have been confirmed to date. It added that the Council has also lent works for display in exhibitions in public buildings for specific purposes; it is also planning to hold exhibitions in Malta, where Northern Ireland has established strong cultural links and in Washington (in July 2007) in association with the Smithsonian Folklife Festival.

Location of Works on Loan	%
Belfast	64
Co. Down	9
Co. Antrim	11
Co. Londonderry	6
Co. Fermanagh	0
Co. Tyrone	0
Co. Armagh	10

Figure 8 – Location of Works on Loan

1.20 Our review also found that five works, valued at over £33,000, have been on continuous loan to private companies or individuals for periods of 7 to 10 years, with some in excess of 20 years. We were advised by the Council that each of these works met the objectives of the scheme as they were in full view to the public and thus promoting the work and its artist.

NIAO Conclusion

1.21 With regard to the Council’s main collection there have been historic deficiencies surrounding its documentation, exhibition, education, outreach and publicity. The action outlined in paragraph 1.19 in respect of the Council’s new acquisitions is welcome. This will increase public access to, and participation in, the arts. The new collection management database, currently under development within the Council, will further increase public access and awareness of its collections and will also enhance outreach and accessibility for curators, enquirers and the general public.

Development of the Acquisition Policy

1.22 During the Council's lifespan, the acquisition policy for the collection has been in a state of continuous evolution (see Appendix 2). The collection was originally established in 1944-45, to both encourage local artists and form a permanent collection for the Council. The following year, the policy was developed to include the circulation of its pictures within the public domain, and in 1947 the Council announced its policy to be one of forming *"a permanent collection and, at the same time, endeavoring to extend some patronage to local artists."*

1.23 In 1961-62, the Council introduced its first biennial open painting exhibition competition with a view to purchasing *"contemporary works to bring them before the Northern Irish public"*. During the 1960s, funding was received from the Calouste Gulbenkian Foundation¹⁴ to acquire contemporary paintings from London galleries in order to form a nucleus of works by more of, what were considered to be, the more progressive British painters¹⁵. In 1965 a new policy was approved which it considered to be complementary to that of the Ulster Museum.

1.24 By 1978 the Council had determined that works should be acquired, in the first place, from motives of patronage and only secondly from a desire to hold a collection of works that could be lent to public institutions. Acquisitions finally ceased in 1999, 54 years after its inception.

Acquisition of New Works of Art

1.25 Since 2003-04, the Council has introduced and implemented a new acquisitions policy. Its objectives are to:

- assist individual artists;
- contribute to the development of visual arts practice in Northern Ireland;
- develop a culture in which visual art is respected and appreciated;
- foster knowledge and research;
- ensure that contemporary visual arts are showcased;
- stimulate the market in Northern Ireland;
- promote artists; and
- develop knowledge of local artists outside Northern Ireland.

1.26 The Council considers that, through the policy's implementation, it will contribute to the achievement of its strategic objectives, specifically 1, 7, and 8 (see Appendix 1). Since it has neither the capacity nor resources to maintain works on a long-term basis, it intends to gift the works after a three to five-year period to relevant Northern Ireland institutions.

1.27 Under its "Support for the Individual Artist Programme"¹⁶, the Council has been allocated £50,000 a year for acquisitions. This supplemented the £40,000 which has been retained by the Council (with Departmental approval) from the previous sale of works of art in 1993¹⁷. This was held in a non-interest bearing account. The Council told us that the balance of these funds, £17,683, was allocated to art acquisitions during the 2005-06 financial year.

1.28 When considering acquiring new works the Council will apply the following criteria: quality, innovation, evidence of artistic achievement, the

¹⁴ See page 5, footnote 6.

¹⁵ Many of these works were destroyed in a fire in 1967.

¹⁶ The acquisition policy is only a small part of the £1m a year "Support for the Individual Artist Programme", which incorporates the following schemes: Travel Awards Scheme; General Arts Awards Scheme; Major Individual Awards Scheme; Artist in the Community Scheme; Arts and Disability Awards Scheme; Young Artists' Platform; Milton Violin; Arts and Artists Abroad Scheme; Arts and Artists Disability Networking Abroad Scheme; International Artists Profile Scheme; International Residencies Scheme.

¹⁷ In 1993, the Council sold 27 works raising £95,000, against an original cumulative purchase price of £2,700.

artist's contribution to visual arts in Northern Ireland, relevance of the acquisition to furtherance of the artist's career and the promotion of Council objectives. Gifts may also be accepted, but only following the application of the above assessment criteria.

1.29 Our review of works acquired under the Council's new acquisitions policy has confirmed that video, sound, installation and performance work still remain largely unrepresented (see paragraph 1.16). The Council told us that it will be seeking to acquire works which are broadly representative of current trends in visual arts in Northern Ireland. It will be acquiring works of appropriate quality across all media as and when the opportunity arises.

NIAO Conclusion

1.30 The development and adoption of a new acquisition policy, which is reflective of current best practice, is welcome. We recognise that purchasing policies of local museums and galleries may differ from Council policy. However, from a practical perspective, the Council's policy needs, in our opinion, to be informed by the needs and aspirations of those museums, galleries and other bodies to whom it is likely to gift acquisitions at a later date. If this is not done, it will, in our opinion, only exacerbate, what are already, significant storage and public access issues.

DFP Collection of Works of Art

1.31 The Council's previous and latest acquisition policies operate independently of the collection procured and managed by DFP¹⁸. This collection is primarily shown in government buildings, with a secondary aim of promoting local artists. It consists of 1,393 works of art, valued at just over £0.9m. DFP has an annual purchasing budget

of £25,000 and is advised by a purchasing panel which includes a Council representative who offers expert advice on proposed acquisitions. However, to date, the Council and DFP collections have operated independently.

NIAO Conclusion and Recommendation

1.32 We recognise that there may be differences in the objectives of the Council's and DFP's collection policies. However, between them the collections consist of some 2,600 works with a combined value approaching £4m. With many of these works held in storage, we recommend that both bodies examine the scope for co-ordinating their activities to ensure that the most effective use is made of the public assets under their stewardship.

1.33 Where it has been determined that works of art are required to be displayed, consideration should also be given to utilising the National Museums and Galleries of Northern Ireland collection, the greater part of which is held in storage. The Council told us that this recommendation would be considered only if it meets its objectives. DFP told us that it agrees that the most effective use should be made of these public assets and will take the opportunity to explore again ways that closer co-operation may be established between it, the Council and the National Museum and Galleries of Northern Ireland.

Storage of Assets

1.34 Storage and retention of those elements of the Council's collection not on display (approximately 50 per cent), are, by agreement, stored free of charge by a private sector company. Council staff have no direct access to the storeroom due to security constraints. However, the Council's

¹⁸ The management of this collection was the subject of a previous NIAO Report (NIAO Appropriation Accounts 2000-01, NIA 34/01), where concerns were raised in relation to control systems, including poor record keeping, the lack of independent valuations and write-offs/losses which had occurred as a result of these failings.

Curator, by prior arrangement, conducts regular visits to the storeroom for collection management purposes. In the 1999 review, it was recorded that a number of works were of an age which required specific climatic conditions that the then store could not provide. As a result, several works were showing damp, mould or stains.

1.35 The Council told us that, because of the damp problem, the works had been relocated to completely new facilities in the current building which offer good security. It added that, within the new facilities, the works were retained on wooden shelving, classified according to location in the store, size and value; it believed that within the limits of the current storage arrangements, they had been treated with appropriate care by the curator.

1.36 However, our review of the store identified a number of concerns, primarily over climatic conditions, which were warm and dusty, and less than ideal. For example we found works stored on wooden shelving with many works leaning against each other (see Figure 3). By way of contrast Figure 4, which is a photograph of the Armagh County Museum Art Store, shows best practice.

NIAO Conclusion

1.37 The collection is a public asset. As such, the Council needs to take all reasonable steps to ensure that it is adequately protected from damage and is securely retained, particularly higher value items. The Council acknowledges its responsibilities in this area and told us that improvements to the management of the collection and its storage are ongoing. It added that the storage problem is one of the key factors in the Council’s decision to gift the collection.

Partnership Purchase Scheme

1.38 The Partnership Purchase Scheme (PPS) allowed for the purchase of works of art by various institutions and public bodies who subscribe half

the purchase price, the other half being met by the Council. Procurement under the scheme took place between 1972 and 1990 during which time 346 works were acquired; the Council’s contribution towards these purchases was just over £63,000. Beneficiaries of the scheme include 29 schools, colleges, universities and Education and Library Boards; 15 hotels, pubs and restaurants; 6 local government collections; the North-West Arts Trust; 3 banks and 8 miscellaneous organisations ranging from the BBC to a hair-dressing salon and 2 construction companies. The scheme ceased in 1993, and no further works have been acquired since that date.

1.39 When last reviewed in 1999, the geographical spread of paintings, which the Council told us was not a criterion of the scheme was:

Location	No of Venues
Belfast	32
Co. Down	9
Co. Antrim	8
Co. Londonderry	8
Co. Fermanagh	2
Co. Tyrone	2
Republic of Ireland	3

Figure 9 - Dispersal of PPS Collection

1.40 Under Council guidelines, a work acquired through PPS must be displayed in a location frequented by the public and meeting requirements on temperature, humidity and security and no transfer can take place without the Council’s prior approval. Through the scheme, it is possible for the partner to buy out the Council’s share at current market value; 58 works went into outright ownership in this way. However, a partner cannot sell-on a work without first offering it to the Council. Where sales do occur, no work should be

sold at less than purchase price with the Council receiving 50 per cent of any “profit”, 10 per cent of which should be forwarded on to the artist. The Council informed us that it has received £11,000 from sales and insurance over the years.

1.41 We noted that, until the initiation of the current exercise to reconcile the Council’s collections, the composition of the PPS was not recorded in any of its electronic databases. The initial review of Council files indicated that 346 purchases had been made through the scheme. Of these:

- 58 works have been purchased outright by the partner. Of these only 2 increased in value between the original joint purchase and the outright purchase by the partner. In the remainder, the Council sold its share at purchase cost;
- 4 works were lost as a result of fire/bomb damage. The market value of the works was recovered through insurance;
- 12 works have been returned to the Council by the partner;
- 56 works require “follow up”;
- 39 works which were recorded as returned, bought outright or written off, remain on the assets register. However, the Council told us that it has no records of these transactions, nor evidence of departmental approval for write-off. In its view, in all likelihood, no departmental approval would have been required as works of art written off were within its delegated levels. Given that they remain on the assets register, the Council has undertaken to take action to reconcile this position. This includes 14 works which were purchased in partnership with a local restaurant which has since gone out of business; and
- 178 remain with partners and are valued at £307,000.

1.42 Under PPS, the partner identified the work of art, purchased it and sought reimbursement from the Council. About 100 artists are represented in

the PPS. Of these, five were previously employed by the Arts Council, one on a part-time basis, and one was a staff member until January 2006; two of the members had been senior officials; all were practicing artists. They account for approximately one in seven of the works acquired through the PPS (47 works). They are also represented (53 works) in the Council’s main collections; the Council told us that 23 of these works were purchased from the individuals before their employment with the Arts Council commenced.

1.43 Given that 77 of the works in the PPS and Council’s own collections are associated with Council employees and were acquired during their period of employment, we asked the Council about its purchasing policy and, in particular, the provision of support, either directly or indirectly, to its employees. It told us that, following extensive research through historic files, it discovered a 1974 policy on the purchase of works of art by staff members. In formulating the policy it was agreed that:

1. where a member of the Art Committee was associated with an organisation making an application in the Partnership Purchase Scheme, that member should withdraw from the meeting when the application was being considered;
2. the purchase of work from either an officer or a member of the Art Committee could only be made on the recommendation of the full Art Committee and after consultation, with the Chairmen of the Finance Committee and the Board. In either case, on receiving a recommendation from the Purchasing Committee, the Director would be required to contact each member of the Art Committee and the Chairmen;
3. since, under the PPS, approved purchases would be the choice of the purchasing partner and not of the Arts Council, it was agreed that purchases of work either by officers or members of the Advisory Committee could only be approved by the Purchasing Sub-Committee in the normal way; and

4. under no circumstances could a member of the Purchasing Committee take part in any deliberations concerned with the acquisition of one of his own works for either the PPS or the Council's collection.

1.44 The Council also told us that the majority of these works were purchased between the 1960s and 1980s. It added that, even though it had a policy in place to regulate the purchase of work from staff who were practising artists, purchases were rare from the late 1980s – it had identified only one instance in the last two decades, which occurred in 1994. The Council advised us that it takes the issue of favouritism extremely seriously. Its current practice in regard to declarations of interest, gifts register and contracts of employment, as well as its adherence to the principles of public life, has ensured that there have been no instances of staff benefiting or being shown any form of favouritism since the Council became a public body in 1995, although the bulk of its funds were also received from the public purse prior to that date.

1.45 We asked the Department if it was content with the procedures and that they had been applied to the 77 works acquired through PPS and for the Council's own Collection. The Department told us that it is satisfied that the Council has proper procedures in place to ensure there is no patronage or favouritism towards the acquisition of employees' or members' works. Furthermore, it is satisfied that the Arts Council procedures for regulating purchases of work from members or staff were applied to the acquisition of the 77 works referred to in the report. The Department added that the records of Committee and Council minutes indicate that members with conflicts of interest withdrew at appropriate times from the decision making process.

NIAO Findings, Conclusions and Recommendations

1.46 Our review of PPS has identified significant shortcomings in its management. Record management has been poor, inspection

infrequent and valuation, as with the main collection, outdated and understated. At the time of the review, the Council told us that there were 95 works on the assets register, which required "follow up", have been bought outright or have been written off.

1.47 This also indicates to us that the security of works on display was inadequate. The Council should therefore consider reviewing the level of security required. Where losses have been incurred, the Council should seek reimbursement for the loss at current market value. The Council told us that the partners are responsible for insuring the collection and it is the partner's responsibility to follow up any claims for loss or damage with the insurance company. It added that it will follow up recovery of insurance where works have been reported as missing as a result of the last inventory check.

1.48 We also noted that, in determining the 1974 policy, it was thought that an element of criticism might develop within the artistic community if some artists were seen to be patronised more frequently than others. However, after careful consideration the Council agreed that it should not impose any restrictions that would inhibit institutions or individuals from taking maximum advantage of the PPS scheme.

1.49 We welcome the Council's current practice in regard to declaration of interests, gifts register and adherence to the principles of public life. We note that there have been no instances of staff benefiting from favouritism since the Council became a public body in 1995, although the bulk of its funds were also received from the public purse prior to this date. We consider patronage to be a key issue for all public bodies. It is essential that they not only act without favour, but they must also be seen to act without favour and in a transparent manner in any procurement process.

Part 2

Giftng of the Council's Collection

Review of the Consultants' Report

2.1 A key recommendation of the 1999 review of the Council's collection policy (see paragraph 1.14) was that the scheme should be continued, albeit in an improved manner, with limited gifting. However, the Council recommended devolution of the total collection on the basis that: 50 per cent was in storage with most of the remainder on loan; storage was inadequate; no money was available within the Council's Budget to repair damaged works; there had been no purchasing budget for three years; and some of the works were of little interest or value, while others are of museum quality.

2.2 The external consultants' noted in their report that approximately 10 per cent of the Collection was outstanding, 55 per cent was good quality, 30 per cent was of medium quality and the remaining 5 per cent was determined as inadequate. The Council told us that this concurs with its own view and confirms the high valuations attached to some of the more significant works, such as William Scott¹⁹, Basil Blackshaw²⁰ and Colin Middleton. The Council views the strength of the collection to be in its unique representation of local artists from the post-war period and its coverage of particular artists from early works, through mid-career and maturity.

2.3 Despite these assertions, the Council has concluded that the collection is not of sufficient international interest, has little coherence and the effectiveness of the scheme is questionable. While

it believed that the collection had raised awareness and interest of contemporary art from Northern Ireland, it had no hard evidence that lending had led to an increase in commissioning of new work from artists.

2.4 As a result, the Council agreed to wind down its loan scheme and recall its works. A cut-off date of 1st April 2001 was set beyond which no further loans would be issued. Initially, all works on loan for more than three years were to be recalled. When this exercise was completed, the Council would then begin the last tranche of recalls, applying the principle of "First Out, First In" in order to avoid disruption to those works most recently issued. However, due to delays, this programme has yet to commence.

Progress on Gifting

2.5 Having decided to devolve the collection, the Council sought Departmental approval in November 2001. This was finally granted, following further submissions in April 2003, subject to the following conditions:

1. the Department could select works for retention in Interpoint²¹;
2. the Department was able to avail of new works purchased by the Council;
3. the receiving museum or gallery would co-operate in making available works from the Arts Council collection for occasional exhibition purposes should a National Gallery be established;

¹⁹ William Scott went to Belfast College of Art in 1928 and in 1931 went to the Royal Academy Schools in London. A retrospective of his work was held at the Tate Gallery, London in 1972 and in 1988 a major retrospective was organised by the Irish Museum of Modern Art.

²⁰ Basil Blackshaw attended Methodist College and Belfast College of Art (1948-51). His interest in horse-racing and dog-breeding is clearly reflected in his paintings. He is well known also for his portraits and nude studies. In 1995 the Arts Council of Northern Ireland organised a major retrospective of his work which was exhibited in Belfast, Dublin, Cork and many galleries in the USA.

²¹ The Department told us in May 2006, that it is now unlikely to select works for retention at its headquarters in Interpoint as it can now borrow works at any time from the Council under its new acquisitions policy.

4. the receiving institution would allow the works to be exhibited at other venues; and
5. recipients should ensure that works are made available for travelling exhibitions.

The Council told us that they anticipate that conditions 3-5 will be incorporated into the conditions of offer to the receiving institutions.

2.6 However, implementation has been delayed, primarily because of the need for the Council to obtain DFP and, where necessary, Parliamentary approval to gift the collection. The Council told us that it is preparing a robust business case to clarify issues for DFP. It added that the preparatory work involved in making this submission, including the identification, valuation and production of a new collection database, has proven to be protracted and time-consuming. As a result of this ongoing work, the collection has not been recalled, since no suitable space for storage is available; storage could potentially lead to additional costs; it could possibly lead to the souring of relations with borrowers; and the removal of the works would prevent the Council from displaying and promoting the works of the artists.

Business Case for the Disposal of the Collection

2.7 Initially the Council's business case identified five options for dealing with its collection:

1. do nothing;
2. introduce a gifting scheme;
3. introduce a long-term loans scheme;

4. sell off the collection; and
5. enhance the current level of provision.

Options 4 and 5 were eliminated in the short-listing process. Option 4 was eliminated on the grounds that a previous disposal, through auction, had generated negative publicity for the Council. It therefore believed that the potential income from such sales would be nugatory in comparison to the cultural value of the works to the artistic heritage of Northern Ireland; that the release of the collection could flood the market, and, in the process, do a disservice to artists by undermining the value of their work; and that such disposals were contrary to best practice as determined by the Museums, Libraries and Archives Council²².

NIAO Findings and Conclusion

2.8 We recognise that the Council's thinking is in keeping with previous disposal guidance produced by Museums, Libraries and Archives Council. However, a more recent review²³ carried out in GB by the Museums Association, found that public money was being used on the storage and maintenance of objects that would never be enjoyed or used. In light of this, it concluded that disposal should be part of a museum's professional and ethical responsibility and part of any responsible collections management strategy. Such disposals should be prioritised towards objects and specimens that will never be useful or used, or those that are in irreversible physical condition.

2.9 The Council has subsequently advised us that if significant numbers of works remain in its collection after the proposed gifting process, disposal of works may be considered.

²² The Museums, Libraries and Archives Council is the national development agency working for and on behalf of museums, libraries archives and advising government on policies and priorities for the sector.

²³ Collections for the Future (2005).

2.10 The Council told us that it had also considered enhancing the current level of provision (option 5) with improved content, policies, operations and maintenance. This would have involved gifting of older works, where suitable, but would have encouraged development and partnerships. However, due to inadequate staffing and funding levels, the cost of maintaining the collection with improvements was considered to be prohibitively high and was not taken forward.

Option 1 – Do nothing

2.11 The “Do Nothing” option proposes no change in the current situation. Works would continue to be kept in storage or loaned with the continued risks of theft, loss, fire or bomb damage; other existing concerns such as environmental conditions of storage, conservation of works and storage capacity would also remain.

Option 2 – Gifting Scheme

2.12 Option 2 proposed gifting of works in two phases to eligible museums and galleries with permanent collections in Northern Ireland. It is anticipated that the works gifted will remain on public display and in the process increase public appreciation of Northern Irish modern and contemporary art. A consequence of this proposal would be the scaling down of the current Loan Scheme as works would be recalled for transfer into public collections. For each of the works gifted, the Council would continue to monitor their placement and movement; artists will be informed of the Council’s intention to transfer works; where possible a list of recipient institutions and works will be made publicly available.

2.13 Phase 1 envisages gifting of works to those museums and galleries with Museums, Libraries and Archives Council registered status. The Council has stated that a key “core” element may be gifted to one institution. The National Museums and Galleries of Northern Ireland and the Northern Ireland Museums Council have both been consulted to ascertain their interest in acquiring works from

the Council’s collection. A condition of the Gifting Scheme will be acknowledgement of the Council by the recipient institution on all interpretation and promotional material.

2.14 It is anticipated that not all works will be selected from the Collection in Phase 1. In these circumstances the Council proposes a second phase in which the basis of eligible institutions will be broadened to include other non-profit making galleries, non-registered university art collections, colleges and hospitals. Within Phase 2, it is also proposed that those works that are considered to be either damaged or dangerous should be destroyed. Should other works remain following gifting and destruction, the Council told us that it may consider the introduction of a new disposal policy in order to divest itself of the remainder of the collection.

2.15 In each phase of the gifting process, curators will be encouraged by the Council to identify “core” groups of works for seeding collections or enhancing existing collections. The Council believes that with stronger collections such institutions will improve their opportunities to attract additional funding from other bodies. A pro-active advocacy strategy will be developed to encourage partnerships, support innovative projects and work closely with organisations to develop collecting policies for contemporary art from Northern Ireland. The Council also proposes under this option to develop opportunities for curators to visit artists’ studios, exhibitions and to keep abreast of new developments in the visual arts.

Option 3 – Long-Term Loans

2.16 Under this option publicly funded bodies would apply for a loan from the collection. However, under Council policy, insurance for the work would remain with the Council. In addition, a substantial part of the collection would remain in storage.

Assessment of Options

2.17 The Council's considered opinion, based on a quantitative and qualitative analysis of the three short-listed options, is that Option 2, gifting to appropriate institutions through an open application process, provides the best value for money solution. It also considers that this option best protects the public interest through looking after the public investment in the Council's collection, ensuring long term benefit and the cultivation of a spirit of co-operation within the public sector, in this case between arts and museums. The Council informed us that the de-accessioning of its collection will be fully audited and that its annual accounts will reflect the disposal of works. The business case is still with the Department and DFP.

2.18 The Department told us that the business case has not been progressed further pending the outcome of both this review and our examination of Collections Management in the National Museums and Galleries of Northern Ireland²⁴.

Gifting of the Partnership Purchase Scheme (PPS) Works

2.19 When the decision was taken to gift Collection 1, this also read across to the PPS works. Subsequently, the Council has carried out an exercise to reconcile its PPS records to works retained on location (see paragraphs 1.38 – 1.49).

2.20 The Council's intention, having completed the reconciliation of the PPS records, is that DFP and, where necessary, Parliamentary approval will be sought to gift works to public sector partners in a similar manner to the main collection. However, a number of issues still need to be addressed. These include:

- reconciling the collection;
- establishing how works held with private sector partners will be dealt with;
- ensuring that the current environments in which the works are held are not detrimental to their condition;
- writing off those works that have been lost or damaged beyond repair; and
- pursuing recompense for losses.

NIAO Conclusion

2.21 Prior to the current initiative, it is clear that there was poor management of the PPS; record keeping was poor and monitoring of the collection was minimal. As a result the Council has been unable to date, to identify the location of 56 works. However, the action now being taken is welcome; it is clear that the Council is determined to take control of the collection and outline a definitive path for its future devolution, management and care.

²⁴ Collections Management in the National Museums and Galleries of Northern Ireland (HC 1130).

Appendices

Arts Council of Northern Ireland: Strategic Objectives

The Council's strategic objectives for the period 2001-2006, as set out in its five year plan, are to:

1. Increase opportunities for artists working to the highest standards and in innovative ways.
2. Strengthen the arts infrastructure.
3. Engage with Community Arts to increase opportunities for creative participation, to develop new audiences and to expand the range of context in which artists work.
4. Engage with Voluntary Arts to increase opportunities for creative participation, to develop new audiences and to expand the range of context in which artists work.
5. Increase the quality of access for disabled people to the arts.
6. Enhance children and young peoples' access to creative expression through the arts, in the context of their own choosing, and increase opportunities for participation as they grow and develop.
7. Increase audiences for the arts.
8. Make continual improvements to the delivery of Arts Council services.

Historic Overview of the Arts Council Collection

Starting a collection was deemed by the Council for the Encouragement of Music and the Arts (CEMA), the Arts Council's predecessor, to be one of its highest priorities. At its formation in February 1943, one of CEMA's first actions was to purchase paintings, as its 1944-45 annual report explained, *'with a view to encouraging local artists and for the purpose of forming a permanent collection of its own, the Council decided to allocate a small sum of money for the purchase of pictures by local artists'*. The Council spent £118 and a further £100 was set aside for purchases in 1945-46, the intention being to circulate pictures within the public domain.

By 1947 the Council had frequently and publicly announced its policy of forming *'a permanent collection and at the same time endeavoring to extend some patronage to local artists.'* This purchasing policy brought the collection to a total of 16 works and the hope was expressed that *'it may be possible somewhat to extend the scope of this scheme but for financial reasons it has not been possible to do so in the year under review.'* Restraints on the acquisition budget became a recurring problem.

The practice of purchasing work or works from most gallery exhibitions was continued for forty years, the majority of the works in the collection being purchased from local exhibitions. Selection of works was made by the Council's art advisory committee and responsibility was delegated to members in various groupings ranging from the full committee to one member. Most frequently, purchase was made by two or three committee members, sometimes with board members.

By 1949 the collection comprised thirty-six pictures and it is reported in 1949-50 that *'among other activities which might be mentioned were the several items from the CEMA collection of paintings to decorate the reception room at Balmoral during the visit of Princess Elizabeth and the Duke of Edinburgh, and the Exhibition of the whole collection in Bangor Co. Down.'*

In 1956-57 the collection was displayed in a large number of public places including hospitals and schools throughout Northern Ireland. Generous gifts from artists and their families have been made to the collection to mark events or to acknowledge support; F.E. McWilliam presented a portfolio of lithographs which included works by Henry Moore, Duncan Grant and John Piper; Louis Le Brocqy presented a portrait head of James Joyce. Until his death in 1983, Colin Middleton was acknowledged *'as a master of Ulster painting.'* A gift made by his widow Kathleen of a major and impressive work entitled *El Patio* coincided with the opening of the new City Hospital in Belfast and the work was appropriately placed there. To thank the Arts Council for assembling and presenting a retrospective exhibition of the work of John Luke, the artist's sister Sadie McKee, gifted a painting *'Ballygally Castle'* to the collection. In 1973 the Tate Gallery in London organised a retrospective exhibition of works by William Scott and from this exhibition the Council purchased *'Still-life with Orange Note'*, a large canvas which Scott had painted in 1970.

In 1961-62 the Arts Council launched its first Open Painting Exhibition competition which attracted 300 entries. The two judges, Bryan Robertson and Ceri Richards, selected 92 paintings. The declared intention was to bring good examples of contemporary work before the Northern Irish public. A special fund for the purchase of paintings from this exhibition, which had been set aside by CEMA, was augmented by a £2,000 grant from the Calouste Gulbenkian Foundation. The importance of this strategy rested on the fact that the works which were expected to be purchased *'would be representative of the more progressive contemporary work being done and that they would demonstrate that strong virtue of a living art, a readiness to explore and to experiment.'* Eleven paintings were bought and, with some others from the collection, were toured throughout Northern Ireland. The Open Painting Exhibition competition continued biennially throughout the sixties. The Gulbenkian Foundation agreed that the grant originally made to enable

the Arts Council to acquire paintings from the Open Painting Exhibition be used to buy contemporary paintings from London galleries. So, with the assistance of Ronald Alley, then Deputy Keeper of Art at the Tate Gallery, works were purchased which formed the nucleus of *'a first rate collection of works by more progressive British painters.'* Ronald Alley was followed for two years by Douglas Hall, Director of the Scottish Gallery of Modern Art, as the Council's external advisor. In 1965 a special meeting considered the whole question of acquisition by the Council and approved a policy complementary to that of the Ulster Museum. Thus, in the long term, the community would own a widely representative collection of contemporary art. The policy at the time noted that *'ultimately, since the Council is not a conservatory institution, the pictures will be retired from the collection on long term loan to galleries and museums in the Province'*

In October 1967 an accidental fire, close to Johnston's warehouse, just off the Lisburn Road, Belfast destroyed or irreparably damaged most of the one hundred and eleven works. Regrettably most of the works purchased by Ronald Alley and Douglas Hall were destroyed in the 1967 fire. Just before the fire the Council stated that it *'attaches great importance to maintaining its collection, local purchases after all gave positive encouragement to local artists and purchases from outside Northern Ireland can inject into the community, stimulating new trends and ideas. As the collections are shown throughout the Province as well as in Belfast everyone has an opportunity to see them. On completion of their tour the pictures are placed in a pool which forms the basis of the Council's new Picture Borrowing Scheme.'* The fire dashed the Council's hope of launching its picture lending scheme. Plans for reconstructing the collection were made but because the Council was again facing financial problems it was decided that renewal would be undertaken gradually over a period of years.

Impressed by the Arts Council of the Republic of Ireland's picture purchasing scheme for hotels, whereby interested hoteliers could buy works at 50 per cent cost, the Arts Council decided to follow this lead. The scheme had been in existence for more than ten years and attracted support from the art community and praise from the public. Using the Southern model under a new title *'partnership purchase'*, a scheme was introduced to allow for the purchase of works of art by various institutions and public bodies, subscribing half the purchase price, the other half being met by the Council. This scheme was instantly popular and operated successfully for more than twenty years.

Additionally, the collection increased as a result of artists being commissioned to create works for thematic touring exhibitions, for example, *'Women of Ulster,' 'Ulster Faces,' 'Ulster Places,'* and *'Sportsview'* have all added to the Council's holdings. The collecting policy was made explicit by the Arts Council's Visual Arts Committee in 1979. It stated: *'The collecting function of the Arts Council is to acquire works of art by living Irish artists, particularly Northern Irish artists, for display under its loan scheme in the largest possible spread of public buildings, and possibly private institutions and, in very special circumstances, private individuals, and for occasional 'prestige' or touring exhibitions, the primary criteria for selection of works for purchase being to provide patronage, support and publicity for living artists of merit. The quality of work was emphasised by all committee members as being paramount in the purchasing strategy.'*

The Arts Council Collection has provided a valuable resource in promoting Northern Irish artists abroad. The 1990 exhibition, entitled *'On the Balcony of the Nation'*, toured works by Micky Donnelly, Rita Duffy, Dermot Seymour, Chris Wilson and Gordon Woods in the United States for a two-year period. From 1995, for over two years, 50 works by Basil Blackshaw toured throughout the United States.

Since 1943 other public authority collections have been assembled, the earliest and most extensive being the North West Arts Trust which was independently initiated in 1963 and is now in the charge of Derry City Council. The collections of the Allied Irish Bank, Ulster Television, the Department of the Environment (now administered by the Department of Finance and Personnel), the University of Ulster and Queen's University have contributed enormously to the public availability of Irish art.

The Arts Council presented a major exhibition of the best one hundred works from the collection in 2002. Entitled 'The Public Eye, 50 Years of the Arts Council Collection', the exhibition enjoyed a long showing at Ormeau Baths Gallery in Belfast, and the City Centre Art Centre in Edinburgh. In 1999 an external report on the Council's collection noted that approximately 10 per cent of the Arts Council's collection was of outstanding quality, 55 per cent of good quality and 30 per cent of medium quality. The remaining 5 per cent they determined to be inadequate. This would concur with the Council's own viewpoint and also confirms the high valuations attached to some of the more significant works in the collection, such as William Scott, Basil Blackshaw and Colin Middleton. The strength of the collection lies in its unique representation of Northern Irish Artists from the post war period and its coverage of particular artists from early works, through mid-career and maturity; as such, it would present significant enhancements to current museum collections in Northern Ireland.

Today, the collection comprises over twelve hundred works of art including paintings, sculptures, drawings, prints, photographs, crafts and mixed media works. Until 1999 the collection was valued at original purchase prices. In January 2000 a major revaluation exercise was undertaken, with specialist advice from a major auction house, resulting in a revised figure which more than doubled the historic value. Since then the valuation of work has been kept under close review by specialist staff; the major auction house again gave professional advice on the top twenty works in the collection and their valuations in 2004.

The primary aim of the collection has been to raise awareness of and interest in contemporary visual arts from Northern Ireland, and to encourage the commissioning and purchase of work, as well as providing patronage to artists. The collection has been a loan one throughout its history, which has gone some way to achieving its core objectives, although there have been inherent risks associated with such a function, as reflected in the loss of work over the years. Although there have been as many as eighty organisations borrowing works at any one time, approximately fifty percent of the collection is in storage. The Arts Council has always had serious problems in relation to the care and conservation of works both in storage and on loan. These include theft, loss, fire and bomb damage, environmentally unsuitable storage, costs of insurance, inadequate staffing levels and lack of budgets for conservation and care to appropriate standards. Consequently it intends, with appropriate authority from government, to gift its collection in the first instance to museums and galleries in Northern Ireland.

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